Daily Report

Latin America

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Cuba

Castro Meets With Canadian Parliamentarians

FL1201020895 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] The members of the parliamentary Canada-Cuba Friendship Group visiting Cuba have stated that they are particularly pleased with having met with Commander Fidel Castro. Following a tour of Matanzas Province, Senator (Jacques Evert), president of the group, described last night's meeting with Fidel as interesting and profound, adding that he and his colleagues are very happy to be in Cuba. (Evert) praised the developments observed at education, science, and production centers.

The Canadian visitors met today with Rodolfo Martinez, vice president of the People's Government in Matanzas, and later visited the central region oil enterprise in Cardenas. There, engineer Marcos Aguilera, the enterprise director, briefed the visitors on oil extraction, environmental protection measures, and favorable ties with Canadian companies connected to this sector. The final part of the visit was to the famous Varadero Beach area where the visitors were briefed on tourism development plans.

Tomorrow, the visitors will tour the Science, Technology, and Environment Ministry, the Cuban Institute of Friendship with Peoples, and the Canadian Embassy, among other sites in Havana.

Havana Radio Reports Allegations of Torture in Camps

PA1201041795 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Jan 95

[Report by PRENSA LATINA correspondent Eddy Zamora from Panama City; from the "Evening Information Review" newscast]

[FBIS Translated Text] Over 8,000 rafters in the U.S. Southern Command's military camps in Panama live in a state of fear and uncertainty. We can no longer report to newsmen the abuses to which we are subjected by the U.S. military because in the past few months, every time a rafter denounces such abuses in front of the television cameras, the military automatically makes them disappear and we don't know where they have been taken. This is what several rafters in Camp No. 1 have told PRENSA LATINA.

The rafters, who chose to remain anonymous and who watched to make sure that no U.S. military were present said that those people arrested for the uprising on 8 and 9 December not only were but are tortured physically and psychologically. A rafter, who was arrested initially and later released after it was confirmed he had not participated in the uprising, said that in the preventive detention centers, the U.S. military kept them handcuffed, made them lie on the dirt floor for long hours, and obliged them to agree that they were homosexuals. The rafters claim that many of the Cubans in Camp No. 1 have tried to commit suicide, because they are desperate, have no future, and are being held like prisoners in a concentration camp. The rafters denounced the U.S. military's habit of making them get up at at 0300 or 0400, claiming to be searching for weapons and drugs, while in reality they are waging a psychological war in trying to neutralize other possible uprisings, he said.

The rafters have requested the support of local and international newsmen so that third countries will receive them. Many are in fact willing to live in African countries if these are willing to receive them.

Panamanian Rights Group Recommends Refugee Distribution

FL1201020295 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The Panamanian Human Rights Committee has just suggested that over 30,000 Cuban rafters held in U.S. camps in Panama and Guantanamo be distributed equitably among Latin American nations. The head of the committee, Minerva Gomez, confirmed that she will take advantage of the forthcoming meeting of human rights attorneys and defenders of the peoples of Central America to present this suggestion as the only possible alternative to the rafters' crisis.

Meanwhile, the U.S. Government is asking several Latin American countries, such as Venezuela and Belize, to house the rafters, but no results have been announced. The Pentagon announced yesterday that it will send another 1,200 soldiers to Panama and 1,800 to Guantanamo to strengthen security in preparation for the eventual transfer to the Guantanamo Naval Base of Cubans now held in Panama.

Two Ships Return More Haitian Refugees From Guantanamo

FL1101185195 Havana Radio Progreso Network in Spanish 1200 GMT 11 Jan 95

[From the "First Thing" program]

[FBIS Translated Text] On 10 January, another two ships headed for Haiti carrying illegal Haitian immigrants departed from the naval base that the United States has in Guantanamo.

Foreign Minister on UN Social Development, U.S. Blockade

FL1101184695 Havana Radio Progreso Network in Spanish 1200 GMT 11 Jan 95

[From the "First Thing" program]

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[FBIS Translated Text] At the Interior Ministry, Cuban Foreign Minister Roberto Robaina met with the members of the 25th Nordic Brigade contingent who will return on 11 January to their countries of origin after having done agricultural work at the Julio Antonio Melia International Camp in Caimito Municipality, in Havana Province.

During the meeting Robaina broached the issue of Cuba's participation in the United Nation's social development summit. Robaina stated that Cuba will not attend the summit with any given proposal as Cuba only pretends to explain its accomplishments in social development. Robaina pointed out that during the summit a call should be made to the world for the millionaire investments presently being made in weapons instead be dedicated to social programs.

With regard to a possible lifting the U.S. blockade of Cuba, Robaina stated that the unfair measure will disappear someday. Robaina stated that already relations have started down a new path which will be determined by life and not by a decision made by the United States.

[Havana Radio Progreso Network in Spanish at 1200 GMT later adds: On 10 January, Cuban Foreign Minister Roberto Robaina met with Costa Rican Culture Minister Arnoldo Mora Rodriguez and his delegation, who are presently visiting Cuba.]

Robaina Stresses People's Role in Foreign Policy

FL1201023295 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Jan 95

[From the "Exclusive" program]

[FBIS Translated Excerpt] Without the immense efforts exerted by the people of every block and municipality, Cuba would lack authority at any international forum, stated Foreign Minister Roberto Robaina, Politburo member, during a meeting with leaders of the Committees for the Defense of the Revolution [CDR] at Foreign Ministry headquarters. In response to questions by municipal and provincial CDR coordinators participating in a seminar at the Communist Party of Cuba Nico Lopez School, Robaina discussed in depth and in clear language the diverse issues of Cuba's reality as reflected in its foreign policies. [passage omitted consissting of comments by two unidentified participants]

Rosales del Toro Addresses National Defense Class

FL1201024095 Havana Radio Rebelde Network in Spanish 0000 GMT 12 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] The fifth course on National Defense began today at the Maximo Gomez Academy in Havana. The inauguration was chaired by Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces [FAR] who, at the conclusion of the ceremony, spoke to the students:

[Begin Rosales del Toro recording] We could not imagine that after five years we would have a course. We are talking about 120 graduates who will make an effort to put knowledge and preparation into the solution to the great problems that our nation faces today. I believe we have graduated in the search for solutions and in making make sure that our men are trained to confront these problems. I believe this course, which summarizes a quinquennium of research and experience, has much more to contribute than all the theses and reflections that could come out of it: the practical work that you, at the end of this course, will do on behalf of the country. [end recording]

The National Defense course seeks to elevate students' political, social, and economic knowledge, as they prepare themselves to solve aspects of the country's defense.

Culture Minister's Book on 'Demons' Presented

FL1101185295 Havana Radio Rebelde Network in Spanish 1255 GMT 11 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text] "A Cuban Struggle Against Old and New Demons" [Una Pelea Cubana Contra Viejos y Nuevos Demonios], a book by Culture Minister Armando Hart, has been presented in Santa Clara. The book is a compilation of works published in the Cuban press between August and November of 1994.

Havana, Holguin Work Centers Not Complying With Social Security Laws

FL1101000995 Havana Radio Reloj Network in Spanish 2032 GMT 10 Jan 95

[FBIS Translated Text] Ninety four percent of the 110 work centers audited in Havana by the provincial labor directorate between September and November 1994 were found not in compliance with social security laws. Among the main violations were budget overruns of more than 2 million pesos in short-term loans, medical certificates, and the bank's failure to request loan repayments. A full 50 percent of these Havana work centers had deficits in excess of 8,000 pesos due to violations in social security entitlements from miscalculating the average daily or weekly salary for maternity subsidies. One of the work places audited had not contributed the state's 12-percent fee as of November 1994.

[Havana Radio Reloj Network in Spanish at 2055 GMT on 10 January adds: State Audits Detect Infractions in Holguin. Labor directorate inspectors conducted over 300 thorough audits in industrial and service work centers in Holguin Province during the course of 1994. As a result of these audits, over 100 disciplinary measures were requested for managers and workers, while others were made responsible for damages to state goods.]

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Efficiency Assemblies Begin in Havana Province

FL1001233495 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 7 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The third round of economic efficiency assemblies began in Havana Province on 6 January. During the first assembly, it was announced that Havana is the only province to have fulfilled the financial drive of this union organization, [as heard] with over 3 million pesos, or 100 percent of the goal.

This year, the goal of the efficiency assemblies is to conduct a detailed analysis of the progress made in getting the enterprises to become profitable, in methods used to conserve resources, and in drafting worker welfare programs in accordance with their current needs. The progress of the sugarcane harvest was also analyzed. The harvest is presently experiencing a favorable situation despite the difficulties and limitations affecting the ongoing gradual startup process. The status of the 160 caballerias of potatoes planted and the rest of the tuber crop in the province was also addressed.

Hard Times Affect Youth Job Market

95CA0080B Havana BOHEMIA in Spanish No 24, 25 Nov 94 pp 11-13

[Article by Nancy Cala]

[FBIS Translated Report] A child usually tells "what he wants to be" when he grows up, and others accept any wild idea of his imagination as valid. An adult exaggerates what he really has achieved when asking himself "what am I"? But a young person wants more. When asking "what shall I be?", or "what shall I do to become that?", he wants to combine dreams and action.

Having expectations in life and struggling to fulfill them is not an exclusive quality of youth, but at that age they assume a special significance. They determine to a large extent the direction that the man or woman will take. For this reason, questions such as "to what do the youth aspire?" or "what are their chances for achievement?" may be found both in informal conversation among adolescents or at a family gathering, and in an academic session.

"I dream of a better period, when I won't have to spend nearly all my time on survival." "I would like to have what I see in these magazines; I don't mind saying that goods are my thing." "I need stability in love most of all." "I want the country to emerge from the special period." "My greatest desire is to have a house for my son and my wife." "What I want is peace of mind." In its investigation, BOHEMIA found diversity, for the most part.

At least the young people queried by the magazine have not given up dreaming. Although some waste their anxieties on laments and, distrustful of almost everything, do little for their future, others focus their dissatisfactions and clearly demarcate what they want to change. With the impetuousness typical of their age, they believe that they have time and strength to conquer the world, and attempt to do so. These youths (who are in the majority) set goals, experiment with paths for attaining them, succeed and fail, and consider the possibilities with which they can act.

Some aspire, basically, to fundamental material benefits, such as food and housing; others demand love and happiness. Some concentrate their expectations on the individual area; others deem it necessary to connect them with the social area. There are some who are greatly concerned about the present, and some concerned about what to do today so as not to lose out later.

Amid such diversity, only the family emerges as a recurrent factor. Because it lies at the very foundation of society, it is the institution that has most suffered the onslaughts of the changes; and perhaps the youth (contrary to what is commonly thought) perceive the need for its preservation. Some associate it with emotional needs; the majority, with matters of a material nature.

University graduates Maria Isabel Dominguez and Maria Elena Ferrer, from the Center for Psychological and Sociological Research (CIPS), under the Ministry of Science, Technology, and Environment, have studied the issue of youth for several years. They recently have devoted their efforts to evaluating the impact of the special period on this part of the population. Their recent works show that young people are prioritizing their aspirations related to material living conditions (44.1 percent) and those linked to the family (12.7 percent).

A very close relationship between these two lines was discovered by Doctor Carolina de la Torre (from Havana University's Department of Psychology) in her studies aimed at a psychological characterization of the Cuban's identity.

Several young mothers queried by BOHEMIA agree in stating that they are now thinking much more about how to ensure their children's food and clothing, and about taking care of them so that they will not become ill. Worried about the daily search for the most fundamental things, they are concentrating their aspirations on immediate matters, in which the material and the familial are combined. Others, who also claim to be driven by the elementary economic demands, said that they were trying to find a new job "with a search," or doing business, or hoping to emigrate, so as to help the family (in some way).

People have always sought (material and spiritual) well-being. This has been a constant and quite legitimate aspiration, giving an impetus to much of human activity. However, depending on the social conditions and the individual's own priorities, very different paths are taken to attain that goal.

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Inadequacy of the Illustration

A 28-year old physician commented: "When I was a boy, they used to tell me: 'Get an education, so that you won't have difficulties.' I am a professional now, but I am worse off than my friends who didn't get an education, and some who don't even work." He blames "the times that have changed," because he still wants "a good living standard and social recognition."

In the research conducted during the 1980's, the fundamental aspiration claimed by young people was self-improvement: something that applies to only 7.3

in the recent studies. At that time, becoming a professional was a way of gaining social prestige and the fundamental means of achieving a relatively high living standard (with a good real salary, and the possibility of having a car and traveling). It was a way of obtaining a more comfortable job, generally an urban one, with little physical stress and greater independence and decision-making power. Besides the aspiration per se, self-improvement was the means for approaching the real goal: well-being.

Now, fewer are entering higher education, primarily because there are fewer opportunities. In keeping with the country's requirements, polytechnical education and highly specific university courses are given priority. Nor does the family demand it so much, aware that professional self-improvement is ceasing to be so effective for attaining the real goal. Psychologist Zoe Bello expresses this opinion: "In the past, mothers wanted their children to become doctors, because that would ensure them a future. Now, they want them to be tourist taxi drivers. I believe that this is all right; it is legal; it means associating yourself with something that tells you that you will make a better living. It should be confronted realistically and without prejudice."

The CIPS specialists agree that the fundamental impact of the special period has not been on the expectations (people still aspire to the same type of well-being), but on the means for fulfilling them, which have had to be readjusted. Hence, various methods and options have been gaining ground, ranging from those promoted socially to the irregular types, or others that are overtly illegal.

How To Awaken?

For a long time, work has been the natural method of gaining access to well-being. However, nothing escapes the cyclical vicissitudes. Young people are reaching their working age at an especially difficult time for the country. Some sectors of the economy have had a decline in their employment capacities, and others that do accept new personnel hirings (such as those associated with scientific development) demand of the young person a high degree of training which, of course, only a few achieve. Furthermore, work paid with a low salary evokes very little motivation.

This is why the UBPC [Basic Production Units] or state centers in which the workers are compensated with other advantages are more popular. "I take care of my job like gold," said one young woman, who refused to reveal the location. "I can't buy the little shopping basket of goods anywhere else, not even with a better salary. Do you realize what that solves?" And even more coveted by young people are the jobs in mixed corporations and companies, which (in some way) link them with the foreign currency market.

A 27-year old laborer explains his determination to resolve basic necessities which (he claims) cannot wait: "Right now, I am considering changing jobs, because I have already spent five years at my center, and have not solved the problems that I had when I arrived there (I still don't have a house, and live as a sharecropper). I must find a job that will give me benefits, and enough to make a living, something like the restaurant business, in a hotel. I am studying English at night for this reason."

Many of those seeking these new legal expedients are interested in meeting their individual demands based on their own effort, but without giving up the social commitment.

There are others with expectations not geared to our context, who are seeking a marriage of convenience with foreigners, or trying to solve their problems through reprehensible means.

It is not a majority of youths who think or act in this way, but they do exist. Some of them actually gain access to that well-being, reduced to its material form, and they show those who are working that they have achieved it "easily and quickly." The most disturbing thing is that a high level of consumption is now being considered by a part of the population as a criterion for social status.

In the CIPS research, it is noted that, "Today, most of the channels for access to material well-being entail alternative values, and the individual's capacity to violate the established standards and values." There is no recourse left but to give equally effective preference to the rule of the value of work as an authentic generator of material and spiritual wealth, as an example to the youth.

[Box, p 13]

Effects of the Special Period on the Youth

On employment: An increase in dissociation from work and underemployment among the groups linked to the irregular sector and to the underground economy. Changes in the structure of jobs, with more demand for a work force in basic sectors of the country's development: enterprises associated with tourism, and with vanguard scientific and technical activity; and jobs linked to the agricultural-livestock sector.

On young people's expectations: Maladjustment between expectations and real opportunities for meeting them. Debilitation of the value of work.

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All these processes are reflected in other impacts of quite varied types, ranging from active positions for heightening social participation and contributing to the solution of problems to expressions of social criticism of certain areas of the society's functioning, or even of the social design itself.

(Results of the sociological research)

Correspondents Debate Holiday Celebrations

FL1101134395 Havana Radio Rebelde Network in Spanish 1700 GMT 9 Jan 95

["Straight Talk" program with host Juan Carlos Roque Garcia, and guests Eloy Concepcion and Renato Recio—live or recorded]

[FBIS Translated Text] [Roque] Today, even though we have begun a new year, we will broach the topic of Christmas and New Year's Eve celebrations, which is worthy of reflection.

[Recio] We are just in the first days of January 1995, and New Year's Eve and Christmas festivities are being felt in the pockets of the people. Farmer's markets are an indication, with less products available, and few sales. There were special efforts at the end of the year, more supply of goods, and more money spent.

We are bringing this topic up because there were changes in the dynamics of the month of December in 1994, compared to past years. This year there was more activity, a more specific trend towards family reunions, and celebrations of not only 31 December, which is an established custom, but also 24 December, which was the traditional Christmas Eve celebration in Cuba for a long time.

Merchants, especially those tied to tourism such as shopping stores, used signs of celebration for Christmas. This caused an atmosphere which made many people question whether Christmas traditions were coming back or not, from national and world perspectives.

[Roque] In essence, there were end-of-the-year celebrations since 24 December, however, Cubans have always celebrated Christmas Eve, despite the crisis and the revolutionary phase in recent years—but perhaps not with the display which took place recently, with more trees in the stores, for instance, especially in the foreign currency stores. There was perhaps a renewal of some aspects which possibly make the celebrations more joyous.

[Concepcion] I agree, however, we need to realize that this is part of a universal culture, and should be studied from this perspective. I remember past times, the republican times over 40 years ago, when Christmas at the farm symbolized a family reunion. Christmas Eve was a pretext—to use an appropriate word, for the majority of Cubans who lived in farms to get together, eat pork, and celebrate together.

[Roque] The celebration acquired a Cuban accent.

[Concepcion] Yes, yet it would be a mistake to be categorical in this situation, because there are different sectors in our community, including those who have religious faith, and also those who have mystic values, which I believe have been a minority in Cuba in the past, as well as nowadays.

Likewise, tourism is growing in Cuba, and more foreigners are visiting. This opening cannot ignore the reality of an international culture.

[Roque] And cannot ignore the reasons why the Cuban people have stopped celebrating these festivities during recent years—the last decades. Some rituals, which had gained a Cuban flair, were left behind due to economic reasons.

[Recio] Yes, I remember the beginning of this. First, there was adapting to our own circumstances. If we strictly observe the situation, we realize that Cuba is a tropical country, where farming goes on all the year around, and which has a sugarcane tradition, with the sugarcane harvest beginning the final months of the year. Thus, a moment came when there was a clear contradiction between the world tradition, rooted primarily in cold countries—where agricultural activities, and all activities I might say, are suspended in winter due to snow, etc. etc.

Big efforts were made in Cuba following the triumph of the Revolution, to revitalize the economy through very strong economic mobilizations, such as the 1970's harvest, which particularly comes to my mind. Then, the contradiction became apparent, between the celebration spirit, which entailed less work discipline in the work place, and the economic needs of the country.

Likewise, the recent circumstances of the special period, have created difficulties which prevented celebrations, such as shortages of goods, and other elements needed in the festivities.

[Roque] However, people have continued to celebrate Christmas Eve.

[Recio] There is no doubt that the wish of the people to celebrate Christmas Eve was latent all the time.

[Roque] You were noting the difference between Cuba's celebration compared to that of cold countries in Europe: Many southern countries, like those in Latin America and Africa, had to adapt the celebrations to their summers. As Cuba did, these countries incorporated their own native elements into Christmas and New Year Eve celebrations. It is a good idea to point this out.

[Recio] Yes, indeed. The countries which were colonized and molded to European customs mixed their own native culture to the foreign practices. There was a sort of mimicry, with some absurd expressions—such as setting up, in warm places, trees with snow that related to the crude winters in Europe, however, all these practices

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were added to the native culture of the countries, and despite their originally alien nature, currently nobody sees them as strange. It is like seeing someone—as I have seen in a Third World country—wearing snow boots and a heavy wool coats, just because these kind of outfit is fashionable in European movies. Indeed, there is mimicry, however, there is more than mimicry in New Year's Eve celebrations; there is also cultural integration.

[Concepcion] I agree with what you stated about the Cuban flair to these celebrations. There have been many cultures incorporated into Cuba. We are discussing Christmas, and we could also mention the African culture. There are African celebrations in Cuba dating from many years ago, which continue nowadays, because they have become a part of our national culture. This native national culture developed from the incorporation of other cultures through many years. In the particular case of New Year's Eve in Cuba, I never related, as such is the case with the majority of Cubans....

[Roque, interrupting] Did you grow up in a farm?

[Concepcion] Yes. You must remember that 80 percent of the people lived in farms before the Revolution.

[Roque] Yes of course, it was just a remark.

[Concepcion] New Year's and Christmas Eve were—and I insist in stressing this—a family reunion, and during my youth and that of the Cubans living those times, the celebrations were not related to these other issues.

[Roque] What did you have for supper during those celebrations?

[Concepcion] It was usual to cook roast pork, beans, pastries. There were not imported nougats on the farms because there was no money to buy those goods.

[Roque] That was a tradition that became established and has survived until now. Who has not tried to prepare a good conger dish, or pastries, or eat pork during these celebrations?.

[Concepcion] Regarding the mimicry problem that you have pointed out, there are people who like to copy the fashions they see in the movies in television. Renato cited an example, and I have also seen in the Malecon in Havana, and many places, some people with snow boots and coats in August. That this, as absurd as it might be, happens, is a reality that one cannot ignore.

[Recio] Regarding New Year's Eve, and the Cuban accent added to the festivities, it is an established culture and tradition. The 31 December celebration is linked to the 1 January triumph of the Revolution for most Cubans. This is important because it shows how dynamic Cuban culture is.

[Roque] Yes, it has incorporated this element to the New Year's Eve celebration.

[Recio] It is nice to have people kissing and embracing during the 31 December family reunion, with hopes for a better future, new undertakings, etc.

[Concepcion] We also need to be aware of a new aspect in the celebrations. Perhaps you have noted that houses in almost all Cuba have lately put their flags out during these holidays. A patriotic feeling was added to the new celebrations, which is worth mentioning, because it is also part of New Year's Eve.

[Roque] It is time to end the program.

[Recio] We need some sort of conclusion. I am not worried about the appearance of changes in Cuban traditions. The New Year's Eve celebration is a very national tradition, very native.

[Roque] And is alive.

[Recio] It is alive and will keep developing with the incorporation of new elements. Undoubtedly, people need celebrations, need to gather and give way to their happiness and joy. This is common to all countries, and Cuba is not an exception. Thus, New Year's Eve celebrations, or Christmas for those with religious faith, express mainly solidarity among people, among Cubans, and a spirit of help and joy. They should also express a patriotic spirit of pride in the fatherland. To sum up, they are festivities of camaraderie and celebration, for the fellow men and the fatherland.

[Roque] I agree, the essential ideas behind Christmas or New Year's Eve celebrations are solidarity, and brotherhood among all Cubans.

Roundup of Economic Developments

FL1101191795

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 11 January.

(Havaguanet) SA celebrates its first anniversary accruing approximately $4.3 million during the year recovering its investments in La Habana Vieja. (Havaguanet) has restored more than 20 installations in La Habana Vieja in an attempt to market this area as a tourist site. (Havana Radio Reloj Network in Spanish 0300 GMT 7 Jan 95)

In Holguin Province, more than 2,500 families received new homes during 1994. People's Government, mass organizations, and ministries participated in the construction of low-cost homes. (Havana Radio Progreso Network in Spanish 1100 GMT 7 Jan 95)

Over 20,100 sugarcane caballerias were planted in Cuba in 1994—7,000 more than in 1993. The numbers are an indication of recovery, however, more efforts are needed to plant at least 30,000 sugarcane caballerias annually. Only Havana Province achieved the goal for 1994—with over 1,400 caballerias planted, followed by Guantanamo

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and Santiago de Cuba, which were close to completing their goals. (Havana Radio Reloj Network in Spanish 1502 GMT 9 Jan 95)

The Eastern Army has doubled food production for its servicemen and has distributed its excess production of rice, tubers, and vegetables among the population. During 1994 this army produced 400 tonnes of salt and its production goal in 1995 is 89,000 tonnes of food for human and animal consumption. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Jan 95)

After nearly two months of work the Jesus Suarez Gallol Brigade's manual cane cutters have cut almost 11 million arrobas of sugarcane. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Jan 95)

In Pinar del Rio Province, over 1,700 caballerias of tobacco have been planted. In some areas the harvest has already begun. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Jan 95)

The workers of the Guantanamo furniture enterprise, in Guantanamo Province, have completed the furniture for the Cohibar Hotel's rooms. The enterprise has made furniture worth 1.2 million pesos and the production goal has been surpassed by 20 percent, thus improving the results obtained in 1993. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Jan 95)

In Rodas Municipality, Cienfuegos Province, the 38 workers of the Armando Mestre Brigade have cut 1 million arrobas of sugarcane. (Havana Radio Rebelde Network in Spanish 1000 GMT 10 Jan 95)

In Havana City, water service personnel are repairing the two water pumps that have broken down, situated at Quintas de los Molinos, which affect the supply of water to Centro Habana and Plaza Municipalities. (Havana Radio Progreso Network in Spanish 1200 GMT 10 Jan 95)

Santiago de Cuba's industrial and crafts markets have sold over 1.5 million pesos during the first month of operations. There is still shortage in supplies, and also an increase in the quality of products is needed, as well as the participation of more enterprises and organizations. So far, over 1,000 salespeople have participated. (Havana Radio Reloj Network in Spanish 1508 GMT 10 Jan 95)

Ciego de Avila reports 150 caballerias of potatoes have been planted in the recently concluded planting campaign, representing an increase of almost nine caballerias. Ciego de Avila has the third largest area planted in potatoes in Cuba. (Havana Radio Rebelde Network in Spanish 1255 GMT 11 Jan 95)

Commentary Discusses Clinton's 'Political Chameleonism'

FL1101192195 Havana Radio Rebelde Network in Spanish 1255 GMT 11 Jan 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] I think you will agree with me that one of the greatest defects of many of the end-of-the-century politicians is their openness to mimicry; or that is, their capacity to change their color with the sentiment of the prevailing winds. In Europe, there are sad reminders of these cases. Today, some hold prominent positions in their countries; others could not hold on, although they tried. Political chameleonism is not solely the inheritance of former leaders from the socialist camp. There are also very enlightening examples in the capitalist world. Several news agencies yesterday echoed the disgust of important sectors of U.S. intellectuals with the changes toward the right President William Clinton's position has undergone since the Republican victory in the partial elections November, 1993. The newspaper NEW YORK TIMES criticized Clinton's ambivalent posture and urged him to define, in political terms, his beliefs, which were liberal, and now are moderate and conservative. It is a fact that Clinton recently reiterated his willingness to cooperate with the new Republican majority congress even though he is against the introduction of excessive economic reforms. The Republican majority plans to introduce laws to reduce the system of social subsidies, including the food stamp program, and social and medical assistance to retirees and low-income families, among other changes. In addition, they seek to fix an annual ceiling on social expenditures, medical assistance, and other types of relief the state furnishes to people in financial need. Concurrently they propose an increase in the military budget. The previously mentioned NEW YORK TIMES article described the plan as cruel, and pointed out that it would make the U.S. economy more vulnerable to recession, and disparaged the fact that they want to cut programs that help the most needy too deeply, which, the article said, would be very costly politically.

Could Clinton support these Republican objectives? At the moment, that is unknown, however, if he does he would be abandoning all that he began establishing in the first two years of his administration, such as health care reform, and employment programs. Even though I do not agree with their policies, I believe, if nothing else, one has to admire the conservative Republicans in the United States for their steadfastness. At least they have the courage to propose their reactionary changes and take the heat for them. What to me is an unforgivable error is the politician who changes his position like he changes his socks, because he loses the respect of his supporters, and his enemies. This is, to a certain extent, what has happened to Clinton. In the United States, as I have said on other occasions, it is impossible to call a government conservative or liberal because they are Republican or Democrat; what defines this position are the political actions they take, their valuations, and priorities. In Clinton's case, he began with liberal policies that certainly did not give him a majority in Congress, above all because of his wavering attitude in dealing with many of the problems that he had to face during the first two years of his administration. Now he

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is leaning toward the right, which could lead him to supporting the Republican proposals in order to save his position and hopes for a second term in 1996. If this should happen, Clinton's administration will be neither conservative nor liberal; it will be a disaster. Because if the president of a great nation like the United States changes his political position like a weather vane, then, what is the policy of the United States? A debauchery [un relajo]. I believe the U.S. president is going down this road; or maybe not, who knows.

Commentary Reflects on Mexican Economic Crisis

FL1101132895 Havana Radio Rebelde Network in Spanish 1255 GMT 10 Jan 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Good morning. The crisis created in Mexico has again put the weakness of the Latin American economies, and their dependence on internal or international political events, up for discussion. In Mexico's case, the Zapatista National Liberation Army uprising in January of 1994, and the assassination of PRI [Institutional Revolutionary Party] presidential candidate Luis Donaldo Colosio in March, seem to have been what set off the flight of capital which caused Mexico's foreign currency reserves to fall from $29.549 billion in February 1994 to $6.148 billion in December, a very difficult situation for any stronger economy, including the Mexican economy. This flight of capital represents 7.2 percent of Mexico's gross national product. The upshot, to date, is a 100 percent increase in the domestic interest rate, a more than 30 percent devaluation of the peso, and the decision to let the peso float until it reaches a stable parity with the dollar.

On the other hand, the acquisition of foreign financing to counteract the devaluation of the peso, and lack of liquidity in foreign currency will transform Mexico into the Latin American nation with the highest debt load, with $164 billion in debt, and naturally the attendant interest and amortization payments. This $164 billion in debt represents more than twice the revenue Mexico expects to earn through exports—$74.530 billion in 1995. In the last several years Mexican debt has increased over $60 billion. The United States and Canada, Mexico's partners in North America Free Trade Accord, have extended credit for $9 billion and $1.5 billion respectively, to support the Mexican peso. Japan has also announced its willingness to grant financial aid. Naturally, these loans are made with interest, which, one hopes, is strictly economic, and not political interest.

For the purpose of obtaining financing, the Mexican government recently announced a stabilization plan which includes the partial privatization of state enterprises, the Federal Electricity Commission, and the powerful Petroleos Mexicanos company, two of the main industries in the country still under state control. Before the privatization plan, instituted during the administration of Miguel de la Madrid, and continued by Salinas de Gortari, the government controlled over 1,300 state enterprises, today scarcely 100 remain under state control. The Mexican constitution prohibits the sale of the oil riches, which means that, in the case of hydrocarbons, only installations, such as refineries, etc., are expenditures.

According to the PRENSA LATINA news agency, the difficult financial situation could cause the failure of some 100,000 small and medium businesses which have contracted enormous debt in dollars from the International Bank. The greatest risks of ruin are faced by the farming, textile and toy sectors, due to the high level of competition from imported products in the sectors. I have to wonder if the flight of capital is not way of controlling the Mexican industrial and agricultural markets.

The forecast for 1995 indicates that the gross national product will grow only 1.5 percent, a very low growth rate which will necessarily cause an increase in unemployment, one of Mexican society's troubles.

This is the result, up to now, of the crisis in the Mexican economy triggered by the flight of capital that the recently installed government of Ernesto Zedillo should confront. It remains to be seen how bad unemployment will become, and the how much the price of necessities will increase. For the present, the government has already renounced an increase on gas and petroleum products. There are many unknowns to be answered. The flight of capital is the result of investors' fears of the political situation in Mexico—I sincerely doubt it. There is another question to be addressed: Was the Mexican economy in a condition to make the ambitious leap it was attempting from under-development to the first world, without paying these or other consequences? Decide for yourself what the answer to this question may be.

Commentary Highlights January's Importance in Sugar Harvest

FL1101130795 Havana Cuba Vision Network in Spanish 0100 GMT 11 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] In his commentary on the current sugar harvest, correspondent Juan Varela Perez points out that January is a crucial month for the sugar harvest. It has been said that to work badly in January and not take advantage of time at the beginning of the harvest and as the sugarcane output begins to increase significantly, is to affect the upcoming months of the sugar harvest and to endanger its early completion.

At least in the first days of January, the grinding [molienda] becomes a reflection of what took place in the last days of 1994. The low exploitation of the open capacities is a phenomenon that becomes prevalent. The

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time that is lost due to industrial breakdowns or operational interruptions significantly affect the [words indistinct] accumulated of the [words indistinct].

It is true that, as in the past campaign, there are limitations in equipment and resources to fully develop the sugar harvest. But, are we using all the available resources to its greatest potential? It seems that there are still organizational problems that are impeding the maximum output of combines, tractors, lifts, and that of the detachments of operators, cane cutters and mechanics, who make up the most powerful and effective tool of this economic battle to achieve a short and efficient harvest.

Moreover, Juan Varela Perez points out that the grinding is the backbone of the harvest. If it is not done right, everything else will go wrong. If it is done incorrectly, its effects are irreversible: the drop in sugar production. A constant grinding is the base, support, and structure of the agro-industrial efficiency.

The difference between the sugar that enters the sugar mills contained in the sugarcane and the yields that are obtained increases. In other words, there are huge losses in the process which calls for individual and collective discussions, immediate action, more demand in the field and the factory to prevent [two second break in reception] thousand of tonnes of sugar.

Those are the tools that we have to make the short and efficient harvest a reality. Unlike past years, we do not have the available "extra-plan" sugarcane to compensate [words indistinct] produce due to a decrease in sugar production.

So far, only four provinces have reached 80 percent in the grinding process, and, among the complexes, less than ten register that level of processed sugarcane. This demonstrates the large [words indistinct] from this point on in favor of the grinding.

Juan Varela Perez concludes his commentary by stating that increasing the rate of sugarcane that is processed daily is a necessity and urgency for current harvest.

Haiti

UN Rumors Indicate April for Legislative Elections

FL1101222195 Port-au-Prince Radio Metropole in French 1500 GMT 11 Jan 95

[FBIS Translated Text] Haitian legislative elections might take place in April, according to UN diplomats. According to information circulating in UN corridors, the UN Security Council should meet next week to adopt a resolution declaring the beginning of the transitional phase in Haiti, with a formal UN takeover by the United Mission in Haiti [MINUHA] in March.

The multinational force led by the United States will be replaced by MINUHA, which will be under UN control. The UN secretary general will need to present a report to the Security Council on the situation in Haiti.

Haitians Repatriated; Asylum for Orphans Considered

FL1101235895 Port-au-Prince Radio Metropole in French 1400 GMT 11 Jan 95

[FBIS Translated Text] The United States wants to finish with the Haitian refugee issue as soon as possible. Since the beginning of the week, about 1,000 refugees have been repatriated by force. Other repatriations are expected for this 11 January in Port-au-Prince. This operation, fulfilled by the U.S. Coast Guard, has been denounced by the refugees sent back to their country.

Meanwhile, the fate of 265 orphans on the Guantanamo base has held the attention of the humanitarian organizations. The latter would like those children to be granted asylum in the United States. The Haitian Center for Refugees in Miami has decided to institute legal proceedings against the U.S. Government in an attempt to obtain the admittance of those children to the United States.

Gunplay Reported Between 'Paid Thugs,' U.S. Troops

FL1101235995 Port-au-Prince Signal FM Radio in French 1130 GMT 11 Jan 95

[FBIS Translated Excerpt] On 9 January, there was gunplay between paid thugs and U.S. military in Delmas 3. A group of armed individuals who had invaded the Delmas neighborhood at 0100 AM were driven back by U.S. military patrols. Inhabitants of the neighborhood asserted that they had heard several bursts of automatic weapon fire. The impact of projectiles was observed on parked vehicles and on the walls of several houses. Inhabitants of the area asserted that two armed individuals had been apprehended by the U.S. military. Mrs. Victor was assassinated and several other people wounded in Delmas 3 over the weekend by bandits who took money, jewels, etc., according to the 9 January issue of LE NOUVELLISTE.

These attaches have not stopped sowing sorrow in the Haitian population despite the presence of the multinational force. A 22 year-old man named Bainet Lombas was murdered by several armed individuals in Nazon on the night of 5 January while he prepared to line up to register as a candidate for the future national police corps. Distraught, the parents of the victims asked the government to adopt measures aimed at restoring safety in the country. [passage omitted]

Finance Minister Submits Bill To Raise Oil Prices

FL1201015295 Port-au-Prince Radio Metropole in French 1700 GMT 11 Jan 95

[FBIS Translated Excerpt] A possible increase in the price of oil products in Haiti is being considered by the executive power. On 10 January, Minister of Finance Marie Michele Rey presented a bill to that effect to the Chamber of Deputies. The legislators did not seem to favor such a bill.

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The Lower Chamber will be studying the bill on the budget of the Republic. Reporter Edner Jean filed a report on the 10 January session:

[Begin Jean recording] The deputies' refusal is not categorical. They demand explanations of the minister of finance before examining the law establishing a variable tax on oil. The legislators wish to keep a distance from the executive in the face of a prospective increase in the price of gasoline, gas oil, and kerosene. As a matter of fact, Article 3 of this bill stipulates that this tax will be added to the tariffs on import to which oil products are subjected. The tax will be readjusted at each arrival to take into account the variations in price that are likely to cause an increase or decrease in the price at the pump, at any increment greater than five percent. When one considers the tendency of the U.S. dollar to increase, it is certain that the price of oil will increase. These readjustments will automatically create an increase in the cost of living, explained Deputy Frederick Cheron.

The deputies are hesitant to back such a potentially unpopular measure. As the elections approach, they do not wish to have to explain to the population, an attitude that could be viewed as electioneering. Some deputies suggested, however, that the minister of finance collect this tax on other luxury products. Marie Michel Rey defended the bill, explaining that the country's current finances require quick, efficient adjustments. Furthermore, the minister of finance recalled that the same deputies who are now refusing to vote the increase in the price of oil had previously agreed to paying up to 300 gourdes for a gallon of gasoline during the crisis. [passage omitted]

The assembly of deputies finally voted to postpone the debates and the vote on the bill establishing a variable tax on oil products until the minister of finance finds further arguments with which to convince the legislators. It is the same for the bill instituting a two-percent income tax, which would be calculated on the customs value of all imported commercial goods or properties. It should be noted that the deputies earlier voted a law modifying the decree on income tax. The modifications are in Articles 35, 36, and 92 of the 29 September 1986 decree.

The session on the vote for the 1994/1995 budget will resume on Wednesday. The debates promise to be thorny. [end recording]

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Congress Agrees To Convene 17 Jan Special Session

PA1201043395 Mexico City NOTIMEX in Spanish 0245 GMT 12 Jan 95

[FBIS Translated Text] Mexico City, 11 Jan (NOTIMEX)—The Permanent Commission of the Mexican Congress has unanimously agreed to convene the legislative branch for a special session of Congress beginning 17 January to discuss economic and political issues. The proposal to hold a special session was presented by Mexican President Ernesto Zedillo and was endorsed by all four political parties represented in Congress.

During the session, Congress will review the nation's revenues budget; summon Finance Secretary Guillermo Ortiz to explain the economic situation; study modifications to the Constitution; and discuss a state reform proposal. Proposed constitutional reforms include changes to Article 28 dealing with the state monopoly on railroads and satellite communications.

Likewise, parliamentary sources said congressmen will analyze modifications to electoral regulations dealing with the autonomy of electoral organizations and rules to regulate media behavior during electoral campaigns. Also during the session, the Legislative Commission for Peace and Reconciliation in Chiapas will be required to present a report on the situation.

The final agreement states the special session will begin at 1300 on 17 January, while it does not establish a closing date, although congressmen believe the special session will last two to three weeks. Furthermore, Congress will need to issue a resolution on the initiative to reform Paragraph 4 of constitutional Article 28, which deals with the issue of railroads and satellite communication.

Zedillo Convenes Meeting on Austerity Measures

PA1101161495 Mexico City EL FINANCIERO in Spanish 10 Jan 95 p 44

[Report by Rebeca Lizarraga]

[FBIS Translated Text] President Ernesto Zedillo convened a meeting of cabinet and other top officials yesterday during which the implementation of the Austerity Program and Promotion of Administrative Modernization was firmly stated.

This program includes such measures as restrictions on the purchase of vehicles, a personnel hiring freeze, restrictions on the sale of goods not used for federal purposes, restrictions on long-distance telephone calls, and the cancellation of press clipping files.

The program is based on three tiers:

1. Austerity regarding the authorized expenses of high-level public officials, including the prohibition on the payment of fees to public officials for their assistance to government organizations and strict norms regarding long-distance telephone calls and restrictions on the granting of per diem payments.

2. The reasonable use of human resources and materials of the federal government and measures to prevent waste and inefficient use, postponing nonessential expenditures so as to give priority to major objectives.

3. The Modernization of the Federal Public Administration Program, which will be promoted by the Secretariat of Finance and Public Credit, the Secretariat of Commerce and Industrial Development, the Secretariat of the Comptroller, and the Presidency of the republic, will be implemented. The goal is to deregulate as well as update, simplify, and modernize the public sector.

The Secretariat of the Comptroller and the Administrative Development Office and the internal control offices of the various institutions and organizations will verify compliance with these measures of austerity and modernization so as to guarantee their strict observance.

The meeting of cabinet officials and other top officials convened by President Zedillo took place amid complete secrecy.

Norma Samaniego, head of the Secretariat of the Comptroller and the Administrative Development Office briefed the media during the afternoon on the content of the program and the actions to be taken by the federal public administration to open the way to austerity in keeping with the situation the public is to face.

Those public officials who do not comply with the measures stipulated by the program will be punished in accordance with the Law on Federal Public Servants, Samaniego said.

The control offices will ensure strict compliance with and supervision of the stipulated measures.

The first tier, which will be implemented to achieve austerity vis-a-vis the authorized expenses of high-level public officials, states the purchase of first class airplane tickets will not be allowed, and the number of delegation members traveling abroad will be limited to indispensable members.

Concerning trips abroad, authorization by the head of the organization or institution will be required. Representational expenses are still prohibited. Concerning cellular telephone rents, a maximum limit will be established, and the public official will pay any expenses exceeding this limit.

It is specified in this first tier that per diem and transportation expenses must be checked without exceptions and must not exceed established limits. Public servants are banned from receiving fees for visiting government institutions of the public sector.

Such visits, Samaniego added, are deemed to be among the responsibilities of public servants and will be verified by the Secretariat of the Comptroller.

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Samaniego read before the media the second tier of the program, which concerns the rational use of human and material resources and services:

No new jobs will be created. Additional services needed will be covered through the transfer of existing ones. The hiring of personnel under contract or fee will be restricted, and the filling of vacant positions will be rationalized.

Local and international long-distance calls will be exclusively limited to top, mid-level management or to those public servants who must use them by the nature of their duties, but only with the authorization of the office head.

Trips abroad must be authorized by the office head.

All offices and institutions must issue a trimester report to the Secretariat of the Comptroller detailing expenses and their justifications.

No multipurpose vehicles may be acquired without the authorization of Secodam [expansion unknown], and authorization will be granted only when it is demonstrated the replacement of a vehicle will yield a net saving of resources.

Building acquisitions will be restricted to exceptional cases.

An inventory of physical space will be made to determine how those spaces are utilized so as to free those spaces that are underused or idle.

Concerning offices abroad, the leasing of buildings, machinery, and equipment will be rationalized, and for this purpose, a committee comprised by the SRE [Foreign Relations Secretariat], the SHCP [Secretariat of Finance and Public Credit], and Secodam will be established.

The program specifies that airline tickets and travel agency services must be subjected to a bid in order to secure the most advantageous conditions for the public sector.

Press clipping files will be eliminated, and only summaries will be prepared for circulation among secretaries, deputy secretaries, and their equivalent in the parastate sector.

The last point on the program states that as far as advertisements are concerned, those unrelated to their specific purpose are banned. Radio and television announcements will be limited exclusively to official times and contracts that are free of cost to the state. The publication of supplements for insertion into newspapers and magazines will conform to Government Secretariat rules.

Zedillo Meets With Legislators on 'Serious Situation'

PA1101145395 Mexico City XEW Television Network in Spanish 0430 GMT 11 Jan 95

[From the "24 Hours" newscast—passages within quotations are recorded]

[FBIS Translated Text] Mexico will come out ahead of the crisis, according to President Ernesto Zedillo. Zedillo met at Los Pinos with the 37 members of the Permanent Commission of the Congress. The president spoke to legislators of the Party of the Democratic Revolution [PRD], the Institutional Revolutionary Party [PRI], the National Action Party [PAN), and the Labor Party and gave them a message of unity:

[Zedillo] "We are facing a serious situation. We have to respond with actions. We cannot respond with demagoguery."

He called on all Mexican political forces to support national unity. He said the Mexican economy could become one of the most dynamic economies of the world once the financial situation is overcome:

[Zedillo] "We cannot forget this is the same economy to which we had attributed brilliant prospects 18 months ago but which had been dragging an overvalued exchange rate. This economy does not have this burden to drag today."

He invited all political parties to advance toward a definitive political reform:

[Zedillo] "In a few words, regardless of the circumstances, regardless of the political differences, I, the president of the republic, ask all of you for your support in this national circumstance, not for the president, but for Mexico."

PAN Senator Luis Felipe Bravo proposed in the meeting a new national agreement to deal with state reform and the economic situation. PRI Senator Angel Sergio Guerrero gave his support to the president and his economic program. PRD Senator Eberto Castillo talked about the need to place national interests above personal or party interests. PRD Deputy Jesus Ortega proposed a national democratic dialogue to overcome the crisis based on new political and social bases. Labor Party Deputy Jose Narro demanded solutions to overcome the economic emergency. PAN Senator Jorge Osejo talked about the need to recover trust in Mexico, both domestically and abroad. Finally, PRI Deputy Rosario Guerra asked that infrastructure spending not be suspended. The government secretary was also present at the meeting.

Zedillo on New Foreign Resources To Strengthen Markets

PA1101220995 Mexico City NOTIMEX in Spanish 2027 GMT 11 Jan 95

[FBIS Translated Text] Mexico City, 11 Jan (NOTIMEX)—President Ernesto Zedillo has announced that the external financial package negotiated by Mexico to stabilize the markets could be strengthened within a matter of days with additional resources from multilateral financial organizations.

During a ceremony with the country's civilian engineers, he said the economic plan launched recently and the

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financial package will soon show the country's full solvency and restore the necessary internal and external confidence to financial markets.

Zedillo said: "I spoke with U.S. President William Clinton on the telephone yesterday, and he expressed his government's firm commitment to helping Mexico overcome this short-term problem." He added that thanks to measures and actions being carried out within the framework of the Economic Emergency Plan, there is confidence "that we will manage to stabilize the main financial variables, including the exchange rate, within days."

After recognizing that "we face a complex situation which requires specific goals, clear measures, and disciplined efforts," he said the Mexican economy today has all those elements and its situation is stronger. He emphasized: "It is encouraging that the unity agreement signed by production sectors to face the economic emergency is being implemented."

Zedillo warned: "The difficult situation we face should never lead us to ignore the validity and pertinence of the principles of economic policy that are essential, under any circumstances, to achieve the country's development."

He added that the situation in the country affirms, rather than negates, the need to encourage national and foreign private investment as a crucial element of national development in taking advantage of export potential.

In his address to representatives of 27,000 civil engineers from 57 associations affiliated with the federation, he emphasized that the challenge of current economic circumstances is to strengthen and extend deregulation in order to encourage society's capacity for enterprise. After reasserting that "Mexico's economic foundations are stronger than ever," he appealed for the restoration of adequate conditions for attracting longer term capital and generating more internal savings, which allow for financing of investments required for the country's development. "Now is the time to overcome insufficiencies, use the valuable things the Mexicans have built, and support changes based on principles of economic policy which allow the financial market's stabilization, the control of spiraling inflation, and the resumption of economic growth," Zedillo added.

Secretariat Says Financial Markets Remain Volatile

PA1101152095 Mexico City XEW Television Network in Spanish 0430 GMT 11 Jan 95

[Bulletin issued by the Mexican Finance and Public Credit Secretariat in Mexico City on 10 January; from the "24 Hours" newscast—read by announcer]

[FBIS Translated Text] The Finance and Public Credit Secretariat announced that financial markets remained volatile today. The price index at the Mexican Stock Exchange dropped 6.26 percent.

According to the Finance Secretariat, this drop is linked to the sharp increase in domestic interest rates and the nervousness of investors, particularly holders of foreign funds, which have seen a drop in all markets, causing significant drops in all Latin American stock exchanges. The so-called Nerval Index in Argentina dropped 9.6 percent; the Boespa Index dropped 9.8 percent; the stock exchange index in Chile dropped 5.12 percent, and the drop was 9.9 percent in Peru according to the Finance Secretariat.

Concerning the national exchange market, the bank exchange rate was 5.80 new pesos per dollar. The increase in demand for foreign exchange was partially linked to the sales conducted in the stock and money markets.

Concerning interest rates, the Central Bank has conducted operations at levels close to 39 percent annually for a period of 23 days and 28.84 percent for a period close to a year.

The increase in interest rates is an immediate solution that will promote the stability of the financial markets according to the Finance Secretariat, which adds this is the reason why the increase has been much higher in short-term loans. It is expected we will see in the next few days a reduction of the volatility observed in financial markets.

Central Bank Vice President Comments on Currency Crisis

OW1101150695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jan 95 Morning Edition p 7

[Report on interview with Ariel Buila, vice president of the Mexican central bank, by Susumu Takiyama on 9 January in Los Angeles]

[FBIS Translated Text] Los Angeles, 10 Jan—Ariel Buila, vice president of the Mexican central bank, Banco de Mexico, granted an interview to a NIHON KEIZAI SHIMBUN reporter in Los Angeles on 9 January and explained his strong stand of firmly maintaining the current market value of the peso. He said: "The Mexican central bank can actually use the credit supplied by the United States and other countries. If necessary, we are ready to intervene in the market at any time." He also clarified a plan to establish, for the first time, an upper limit to the extension of domestic credit in order to keep down inflation. Stressing that the current currency crisis is "temporary," he explained his view that it will calm down before long.

Although the total amount of international financial support to Mexico has reached $18 billion, attention has been focused on whether Mexico can actually use the funding. On behalf of the Mexican central bank, the Federal Bank of New York intervened in the New York

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foreign exchange market on 9 January. Regarding the intervention, the vice president said: "We needed to demonstrate the capability of the central bank. I hope that concerned people have received that important message." Moreover, regarding the peso's target exchange rate, which the Mexican Government set at 4.5 pesos to the dollar, he clarified his bullish view, saying that "it is a moderate level."

Setting a ceiling on domestic credit extension means that Mexican financial institutions will introduce an upper limit for the overall amount of loans to companies and individuals. The Mexican central bank is reportedly studying the concrete details of this plan for setting a ceiling. At the same time, Buila explained Mexico's intention to keep interest rates slightly high. However, he also explained his understanding that "current interest rates are too high and we have to lower them when the market is stabilized." The yield on 28-day national bonds (setesu) [as published], which is a typical short-term bond, reached 33 percent. This worried people about a possible recession.

Regarding the short-term treasury bonds (tesobonos)—foreign investors holds about 17 billion dollars' worth of the Mexican Government's short-term bonds—Buila said: "We are quite capable of redeeming them by using the $18 billion in credit and our foreign currency reserves, which amount to approximately $5.5 billion." He said that in addition to redemption, the central bank is studying the possibility of swapping short-term government bonds and refunding bonds in dollars, or raising the yield on tesobonos. Details on the refunding of bonds will be announced after some three weeks.

The vice president pointed out that the ratio of public debt to gross domestic product (GDP) dropped to 40 percent, which is half of the rate in 1982, when the debt crisis began. Now that Mexico's national finance is in the black, he stressed: "The current crisis is just a temporary one."

Commerce Secretary Explains Agreement on Price Increases

PA1101172995 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 11 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] Commerce Secretary Herminio Blanco has explained for Television Azteca viewers the nature of the national agreement between the productive and commercial sectors regarding price increases:

[Begin recording] [Blanco] We are holding meetings to reach a consensus with each productive sector in order to orchestrate the agreements. The basic agreement is that import prices may increase in line with the exchange rate up to an exchange rate of 4.5, the rate we are using for all agreements. This rate is also the one used to design the entire economic plan.

Prices for other products may increase, but only if the increase is justified by a cost increase in the wake of the devaluation. In other words, the price of those imported raw materials may affect the final price somewhat. This is why we are holding these meetings. We have already met with several chambers, the association of large department stores, the Confederation of National Chambers of Commerce, the Confederation of Industrial Chambers and the National Association of Manufacturers. We have planned a work agenda for the entire week with the specific chambers. We will provide information on the agreements as they are negotiated.

[Unidentified reporter] Is there any mechanism preventing people from overpricing?

[Blanco] Yes, there is such a mechanism. We have informed the Office of the Federal Attorney for Consumers and every store. For instance, each of the large department stores belonging to the association has been informed of the increase agreed upon with the Secretariat of Commerce. They have agreed with us to increase prices only if the supplier—regardless of whether he is an industrialist or an agricultural producer—comes to the store and shows them the document on the negotiated agreement signed by the Secretariat of Commerce and Industrial Development and the members of the various chambers involved. Prices will be increased only when this consensus takes place. [end recording]

Commerce Secretary Expects Inflation to Decrease in 1995

PA1101223495 Mexico City NOTIMEX in Spanish 2101 GMT 11 Jan 95

[FBIS Translated Text] Guadalajara, 11 Jan (NOTIMEX)—Commerce and Industrial Development Secretary Herminio Blanco Mendoza said here today that before 1995 ends, inflation in Mexico will see a downward trend in inflation approaching desired levels.

Speaking at a news conference shortly before a meeting with business and industrial leaders in the western part of Jalisco, he said the inflation will rise during the first few months but that it will later become progressively more moderate.

He commented that Mexico's production sector is competitive internationally and may use the current situation to gain access to foreign markets.

The official said that Mexico played a special role in 1994 when its exports to the United States increased 23 percent and the size of its manufacturing industry increased almost 26 percent, which proves that they used the opportunity to modernize and become competitive.

Blanco Mendoza is confident that Mexican businessmen will take advantage of the additional competitiveness offered by the new exchange rate and free access to

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countries like the United States, Chile, Costa Rica, Venezuela, Colombia, and Bolivia, thanks to existing commercial agreements.

He said the free trade agreements signed by Mexico last year will be essential sponsors of the country's development, and situations like the current one will be used to capitalize on new conditions of competitiveness.

Blanco Mendoza added that his visit to Jalisco is part of a nationwide tour to discuss the federal government's economic plan with various groups in the country and to make efforts so that the increase of prices after the devaluation "only reflects increases in costs."

Secofi Undertakes Effort To Ensure Limited Price Increases

PA1101215895 Mexico City LA JORNADA in Spanish 9 Jan 95 pp 1, 38

[Report by Patricia Munoz Rios]

[FBIS Translated Text] Yesterday the Commerce and Industrial Development Secretariat [Secofi] reported that it has undertaken a plan for "sector-by-sector" concerted action to obtain direct and effective commitments from industrialists and merchants to limit price increases in proportion to cost increases caused by the devaluation.

Secofi reached an agreement on this proposal with the Confederation of Industrial Associations (Concamin), the National Association of Manufacturers (Canacintra), and the Confederation of National Chambers of Commerce (Concanaco). Secofi said the program will remain a top priority in the coming weeks.

Last week Secofi reached agreements with the following industrial groups: the National Council of the Pasteurized Milk Industry; the National Council for Cold Meats and Sausages; the National Association of Oil, Grease, and Soap Industry; and the National Automobile and Automobile Distributors Industry Association. Based on these individual agreements, the Commerce Secretariat has agreed upon a strategy for concerted action to allow productive sectors to gradually absorb the impact of devaluation on their production costs and to ensure the economic viability of their companies.

During negotiations, the industrialists agreed to limit price increases for products that are used the most in direct proportion to cost increases brought on by the devaluation. This is how price increases will be determined for products like pasteurized and ultrapasteurized milk, cold meats and sausages, toilet and laundry soaps, detergents, cleaning powders, bleaches and softeners, dental cream, mouthwashes, and automobiles.

Secofi has also negotiated with the National Association of Self-Service and Department Stores, which promised to only increase the prices of those products whose costs have been affected by the devaluation.

The secretariat explained that the goal of these sector-specific agreements is to prevent the peso's devaluation from triggering spiraling inflation. To achieve this, Secofi has asked these companies to accept a parity of 4.5 pesos per U.S. dollar, which is similar to the average annual exchange rate used in the federal government's 1995 macroeconomic plan.

More concerted action meetings are planned for this week with various leaders of industry from the productive sector, such as the food, basic products, mining, textile, construction, cement, service, metal-mechanical, transportation, and other industries.

As part of the special watch program being conducted by the Office for the Federal Attorney for Consumers [PROFECO], yesterday 15 sugar distributors were shut down in the Supply Center in Iztapalapa for selling sugar above authorized prices.

To stop the voracity of merchants who violate the Agreement of Unity to Overcome the Economic Emergency, PROFECO will sanction, to include administrative arrest (jail), those who increase the prices of basic foods and those goods and services which are widely used.

PROFECO reiterated that it will fine those who profit from the people's economic situation in amounts up to 2,500 current minimum salaries and close their businesses for up to 30 days.

Among the stores closed are Los Anicetos, El Inspector, Yeo, Julio, Casa Vargas, Centro de Abasto Geminis, El Oasis, El Fenix, El Faisan, Semillas Selectas La Barata, Distribuidora Azucarera, and others.

PROFECO warned that in the next few days it will penalize more severely all irregularities proven in the commercialization of basic products, goods, and services which are widely used, and asked consumers to report any violation to the following telephones numbers: 568-87-22, 211-64-14, and 211-99-66, or to its offices which are located throughout the country.

Consumers To Pay Price Increase for Supplies

PA1101140895 Mexico City REFORMA in Spanish 10 Jan 95 p A-27

[Report by Luis Carriles]

[FBIS Translated Text] Arturo Warman, the agriculture, livestock, and rural development secretary, has said the increase in the price of supplies for agricultural and livestock products will be reflected in their selling price and, therefore, will be paid by the consumer, not by the federal government.

Warman has said the increases in consumer prices will only reflect the increase in the production cost due to imported components necessary for production.

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Warman added that the Commerce and Industrial Development Secretariat will see to it that merchants respect the established prices for national raw materials so as to respect the prices agreed upon.

Warman announced during a news conference the creation of an Agricultural Commission To Follow Up on the Agreement of Unity To Overcome the Economic Emergency, in which all peasant and producer organizations related to the agriculture and livestock sector will participate.

All organizations wanting to participate in this commission may do so, Warman said.

Warman said the secretariat's 1995 budget was approximately 14 billion new pesos, of which 10.5 billion pesos belonged to Procampo [Program of Direct Support to the Countryside], and they do not foresee an important reduction in the budget despite the government's economic adjustment and austerity program.

Warman said that Procampo in its definitive version will be implemented in the rural sector at the beginning of the autumn-winter cycle this year and that disbursements will begin in March.

The electoral stigma of Procampo has not yet been proven with technical arguments, and its disbursements are made by institutional methods designed for that purpose during harvest and planting periods.

Warman affirmed the rural sector can take better advantage of the devaluation, because the importation of grains and products such as sorghum and cotton—the majority of these being products utilizing national components necessary for their production—will be reduced.

It is too soon to analyze the sector in light of the current situation, but Warman added the National Development Plan will be finished by May or June.

He added that the devaluation will increase the range of sales opportunities for the agricultural and livestock sector in foreign markets, the reason why it is probable the areas dedicated to raising nontraditional products will be increased.

Regarding the issue of sectoral financing, Warman said one way to contain inflation is by restricting credit, the method of how it was done in the economic adjustment program.

He added the increase in interest rates, according to information made available in the secretariat, will cause an important increase in the overdue loans of the agricultural and livestock sector.

The minister said devaluation could allow for greater competitiveness of agricultural and livestock products in foreign markets and would be an incentive for investments.

Canacintra Wants Loan Restructuring for Troubled Businesses

PA1101232695 Mexico City EL FINANCIERO in Spanish 10 Jan 95 p 28

[Report by Isabel Becerril]

[FBIS Translated Text] Victor Manuel Terrones Lopez, president of National Association of the Processing Industry (Canacintra), said that the six-month grace period demanded by businesses will only be a breather. These businesses have loans that have fallen due and want a grace period from commercial banks to help with their insolvency and to prevent decapitalization.

He explained that of the 86,000 members of Canacintra, 21,500 medium-sized, small, and micro businesses face serious financial problems with lending institutions "and need help."

If Mexican bankers do not accept Canacintra's proposals to restructure the overdue portfolio, the manufacturing industry, especially small and medium-sized enterprises, run great risk of failure.

"In the event that credit institutions are unable to reply favorably to these requests, we businessmen will try to find an easier solution for the productive sector."

Nevertheless, yesterday Terrones Lopez expressed his complete confidence that the Mexican Banking Association [ABM] will grant this grace period, despite repeated statements by ABM President Jose Madariaga that there will be no moratorium for debtors from national credit institutions.

Canacintra's president also said that at this time there are no overdue portfolio restructuring programs for industrialists, thus "the breather" is essential.

Among the urgent measures that private banks must take he mentioned the establishment of an automatic and immediate plan to restructure credits that fall due between 19 December 1994 and 31 March 1995.

The industrial leader emphasized that, according to this scheme, the 21,500 businessmen in debt may have a respite, and thus these industries will not be allowed to decapitalize.

He said that medium-sized, small, and micro industrialists require support for any future agreement with lending institutions to put into effect funding and guarantee programs, among others.

The industrialists want to resolve their banking problems through dialogue: "No way do we want to end up confronting them because we understand that both sectors need one another in order to come out ahead."

Interviewed at the national meeting of presidents and managers of the National Chamber of Restaurants and Seasoned Foods [Camara Nacional de la Industria de Restaurantes y de Alimentos Condimentados], he said

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that in order for the dollar to settle at 4.50 new pesos, Mexicans must regain confidence: "That is what is most important."

He said that industrialists hope that in one more week the dollar's parity will be set at this level, thanks to support by some financial institutions.

When asked about the privatization of Mexican Petroleum, he said that this parastatal should continue to be by the public sector, even though it needs to be made more efficient.

One needs to be very careful, especially with petrochemistry, that the plan followed does not end in the closure of branch businesses, as has been the case with other sectors.

One must also try to avoid becoming increasingly dependent on foreign petrochemical products, like fertilizer.

Terrones Lopez said that special care must be taken of Mexican heritage. This allows us to have autonomy; this is our country's competitive and comparative advantage.

Finally, he said that Canacintra has also suggested that petrochemical plants be placed on the stock market to avoid becoming dependent of foreign interests. In other words, the stock from these factories should be made available on the Mexican Stock Exchange for investment by the general public, not just businessmen.

Banking Leaders Comment on Drop in Stock Market

PA1101173995 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 11 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] The finance sector has reacted in various ways to the dramatic drop suffered by the Mexican stock market and the intervention of the peso.

Jose Madariaga, president of the Mexican Banking Association, and Manuel Robleda, leader of the Mexican Stock Market, have commented:

[Begin recording] [Madariaga] The disorder in the market has not affected the banks' solid position.

[Unidentified reporter] What do you think about positions such as that of the National Association of Manufacturers, which is calling for a moratorium of a least six months?

[Madariaga] We are already studying that issue. I do not have a specific solution, but I have spoken with them and we are going to....

[Reporter, interrupting] Will the moratorium affect [words indistinct]?

[Madariaga] As I said, we are going to analyze the position of the individuals who requested these credits. The credits were requested not by organizations but by individuals.

[Robleda] Misinterpretations of market reports are exerting influence this morning. For example, the peso was gaining value, gaining ground this morning. It must have been 9 percent over the dollar, but the market was going down here, at a moment when the price of [word indistinct] stocks in the United States was stable and, in certain cases, as in the case of Mexican Telephone, somewhat above the previous closing. The importance of what we understand about the market is this type of effect: If the peso gains ground over the dollar, the factor by which the value of the Mexican shares is multiplied in dollars, gives us a lower price, and this negatively affects our market indicators. [sentence as heard] This is what happened at the beginning of our session today. Actually, the market was relatively stable at the beginning of operations, around 70 points, and the market dropped just as we were meeting with analysts of the financial sector.

[Reporter] Please allow me to point out that there is no confidence, no clarity in....

[Robleda, interrupting] Of course, the problem right now is, as we have already stated, we are still feeling the impact, the shock of the devaluation measure impacting on all market participants, particularly investors. [end recording]

Bancomext Issues New Bonds in Bid To Raise U.S. Capital

PA1201010895 Mexico City NOTIMEX in Spanish 2334 GMT 11 Jan 95

[FBIS Translated Text] Mexico City, 11 Jan (NOTIMEX)—The National Foreign Trade Bank of Mexico (Bancomext) today formalized the issue of $57 million in bonds on the U.S. market in an attempt to attract resources at competitive rates, the institution reported.

The bank said the issue, guaranteed by the Eximbank with a "AAA" rating, was executed at a total Libor (British interbank interest rate) cost of minus 2.0 base points, for a five-year term and under the "Bunding Plus" plan.

In a communique, the bank said it will be allowed to offer better terms and guarantee benefits for users because, since it will be able to "package" various negotiated amounts, it will win financing for five-year terms. The communique explained that new issue will also allow the bank to increase its financing of capital asset imports, defer the disbursement of foreign currency, and expedite the use of its credit line.

The resources obtained by the bank will also permit granting of financing to small enterprises over longer

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terms than usual and allow direct access to resources gauranteed by the U.S. underwriter, the bank concluded.

Pemex Official Announces Increase in Gas Prices

PA1101213795 Mexico City REFORMA in Spanish 10 Jan 95 p 27-A

[Report by Juan Antonio Lara]

[FBIS Translated Text] The price of natural gas for industrial use increased 25 percent beginning on 4 January. The price of cooking gas increased 10 percent, Pedro Haas Garcia, director general of Mexican Petroleum's [Pemex] gas and petrochemicals division, announced.

The Pemex official met yesterday with industrialists in Nuevo Leon to explain the parastatal's new fuel price policy.

He pointed out that this price increase will be in force in January only, and depending on their international price, prices could vary in February and the rest of the year.

Haas Garcia said that the price of natural gas increased because of the devaluation of the peso in relation to the dollar, because the price of this fuel depends on its price in southern Texas.

This increase will affect companies that manufacture glass, cement, plastic, and ceramics, among others.

"The price of gas in upcoming months will be established on the go, because at present we cannot make predictions," the Pemex director added.

He said that daily natural gas production in Mexico amounts to 3.7 billion cubic feet, that is, enough to meet domestic demand.

The Pemex director said that secondary petrochemicals is the only part of the parastatal that will be privatized.

Haas Garcia added that the parastatal has the necessary technology and resources to exploit the country's reserves and thus does not need foreign or national private investments.

"Price increases for imported and domestic inputs, such as gas, have created uncertainty among industrialists. As a result, investments are paralyzed," said Fernando Villareal Palomo, director of the National Association of Manufacturers in Nuevo Leon.

Industrialists Unhappy

PA1101222495 Mexico City EL FINANCIERO in Spanish 9 Jan 95 p 41

[Report by Isabel Becerril]

[FBIS Translated Text] Industrialists from various sectors say that the major recommendation being made to industrialists and businessmen is to refrain at any cost from conducting their transactions, either sales or purchases of goods, in dollars in order prevent the "dollarization" of the economy.

The industrialists also expressed their discontent with Mexican Petroleum [Pemex] because, they argued, while the country's productive sectors are holding meetings to prevent price increases, Pemex is trading its products at the actual price of the dollar.

In other words, they explained, Pemex has jacked up the price of its products "despite the fact that it does not use imported raw materials."

They said that a week ago Pemex decided to sell its products in accordance with the price of the dollar, which is 5.50 new pesos.

But after businessmen in the petrochemical industry asked Victor Manuel Terrones Lopez, president of the National Association of Manufacturers (Canacintra), to intercede with Pemex on their behalf, this company decided to sell its products at a rate of 4.50 new pesos per dollar.

It was learned that negotiations with Pemex authorities continue to evaluate the ways in which this company could reduce its costs because its price increases have affected both the productive sector and industry in general.

The country's businessmen believe Pemex has no justification for increasing prices since it does not use any imported raw materials.

"In addition, federal authorities are currently urging all productive sectors not to increase the prices of their products, if they have not been unduly affected, to prevent further harm to the working class."

According to various sources, representatives of the food, oil, chemical, petrochemical, and intermediate products industries have met, as have representatives of the National Chamber of Self-Transportation of Cargo and the rice and paint sectors of Canacintra, to discuss the repercussions of the peso's devaluation vis-a-vis the dollar.

As for the food industry, it was learned that the National Association of Self-Service and Department Stores sent a communique to all the associations. This communique stresses three issues.

First, it says that no price increases have been authorized for national products. Second, only the price of those products that use imported raw materials may be increased. Third, the prices of those products that use imported raw materials increased last Saturday.

It was also learned that last Wednesday, Terrones Lopez spoke to all Canacintra delegations in person to urge industrialists to join the emergency economic plan and not to lose confidence in Mexico.

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He told them that the country's situation is difficult. This is why all Mexicans must work harder to prevent productive operations from coming to a standstill and to ward off spiraling inflation.

PRD Members Attempt To Take Over Chiapas City Hall

PA1101183595 Mexico City XEW Television Network in Spanish 0430 GMT 11 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Members of the PRD [Party of the Democratic Revolution] tried to take over the city hall in Chicomuselo, Chiapas, this morning, an act which led to a shoot-out.

As a result of the shoot-out between policemen and members of the Emiliano Zapata Peasant Organization [OCEZ], affiliated with the PRD in Chicomuselo Municipality, Chiapas, six people were killed and three were injured. The first clash took place at 0100, the second at 1230. Those killed were three PRD members, the police commander, who was also tortured, the deputy police commander, and a civilian. Three other civilians sustained bullet wounds and were taken to Comitan Hospital.

As for the incidents, the state's attorney general, who was present in Chicomuselo, condemned the actions, because, he said, violence is being used as a political tool:

[Begin unidentified attorney general recording] We know the incidents in Chicomuselo are part of a plan that includes similar attacks in the municipalities of La Trinitaria and Comalapa. It is all part of the agreements reached in Rancho La Aurora, where Amado Avendano was drafting this strategy of conflict and violence yesterday. [end recording]

During the second clash, this reporter and the Televisa cameraman, Oscar Yanez, were slightly injured by buckshot. Police reinforcements arrived in the afternoon, and isolated shots were still being heard. Schools, offices, and stores were closed during the disturbances. Tension prevails in this municipality. The attorney general has said we cannot speak of peace when these groups are generating violence.

Chiapas Governor Condemns Incidents

PA1101183795 Mexico City XEW Television Network in Spanish 0430 GMT 11 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Concerning the incidents in Chicomuselo, Chiapas, Mr. Eduardo Robledo, governor of the state of Chiapas, made statements a few hours ago:

[Begin Robledo recording] The government of Chiapas strongly condemns the unfortunate incidents that took place in Chicomuselo Municipality. The government of Chiapas can tell the citizens of the state we are going to respond with the application of the law for each act of provocation and violence.

I have asked the state attorney general, who has remained at the site of the incidents since the start, to continue with the investigations to the end and to arrest those found to be responsible for the unfortunate incidents.

The provocation and instigation to violence that have endangered the lives of innocent people are cowardly acts in which a few people shout slogans while others endanger their lives. It is highly irresponsible for a political force, regardless of its affiliation, to promote violence, because democracy cannot be built with actions of force but, rather, with dialogue and consensus. It is not by promoting hatred and resentments that the existing problems and differences of the people in Chiapas will be resolved. [end recording]

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Costa Rica

Minister Discards Ill Effects of Mexican Crisis

PA1101223995 Panama City ACAN in Spanish 2059 GMT 10 Jan 95

[FBIS Translated Text] San Jose, 10 Jan (ACAN-EFE)—Costa Rican Finance Minister Fernando Herrero today discarded the possibility that the financial crisis that has unsettled Mexico in recent weeks will affect his country, despite the fact that on 1 January the two nations signed a free trade agreement.

Herrero said that according to a recent study by the Economic Commission for Latin America, the value of the Costa Rican colon is in "balance" with the U.S. dollar, which means that Costa Rica will not face a crisis like that in Mexico.

He said: The study shows that the Mexican currency was apaproximately 20 percent overvalued; this produced the financial collapse that has resulted in a 30 percent devaluation of the Mexican peso.

Right now, the buying rate of the Costa Rican colon against the dollar is 165.13; the selling rate is 166.26. In 1994, this currency suffered an 8 percent devaluation; a similar devaluation is expected this year.

Herrero affirmed that Costa Rica maintains "a fairly stable" balance of payments as a result of capital and tourism revenues that compensate for the $900 million trade deficit.

Herrero said that tourism, Costa Rica's main source of foreign exchange, "might be threatened" by the situation because "some tourists may find it less expensive to go to Mexico" than to the Central American nation. But Herrero noted that generally speaking he doesn't believe the crisis in Mexico will give rise to changes in Costa Rica.

The free trade agreement signed by the two countries, the first that a Central American nation has signed with a member of the North American Free Trade Agreement (signed by Mexico, Canada, and the United States), covers 12,000 products that could cross the border between the two countries duty-free for a 10-year period.

With the rise of the Mexican crisis, Costa Rican political sectors have signaled the possibility of calling for a suspension of the agreement, considering that Costa Rica will be at a competitive disadvantage with regard to Mexico.

El Salvador

FMLN Split, Implications for Left Viewed

95P20358 San Salvador PROCESO in English 7 Dec 94

[Published by the Central American University's Center for Information, Documentation, and Research Support; received via Internet: CENTAM-L]

[Text] On Wednesday, November 30, Joaquin Villalobos announced that the Renovating Expression of the People (ERP) would leave the FMLN [Farabundo Marti National Liberation Front] and start a new, social-democratic party, which would include the defunct National Revolutionary Movement (MNR) and the National Resistance (RN). Villalobos' announcement was confirmed by FMLN coordinator Shafick Handal, who said the ERP would make its withdrawal official on December 10. The move will put an end to the differences among the FMLN's five member organizations, added Handal. "We are not going to go on arguing," he said, "because we are pursuing the same goals. If the ERP (or the RN) leaves the FMLN, that is a logical consequence of its position."

On December 5, the ERP's decision was practically official, when the organization's leadership publicly announced its definitive withdrawal from the pact which has held the FMLN together for 14 years. The group also demanded the dissolution of the old alliance, and negotiations about the party's symbols and property. In the words of Joaquin Villalobos: "The FMLN has no political viability as an electoral vehicle, and must be left to history. Therefore, the ERP has irreversibly resolved to withdraw from the electoral pact which created the FMLN." Thus, discussions around pluralism within the left will surely take a different turn.

Although the initial announcement that the ERP would withdraw from the FMLN did not imply that the FMLN would be dissolved, an issue which had colored much of the intraparty debate, the December 6th announcement once again raised the question of dismantling the alliance. This has not only caused substantive issues of debate within the left to resurface, but also threatens to make any other halfway reasonable compromise impossible. The ERP's proposal to dissolve the FMLN is not only contrary to one of the fundamental positions shared by the FPL, the PCS and the PRTC around the still-necessary presence of the FMLN in national political life, but also undermines the symbolic potential of the four-letter acronym, a symbol of commitment to the grassroots, unity and support for the transition to democracy.

Furthermore, it seems as if the ERP is willing to shoulder the responsibility of having contributed to the dissolution and disappearance of the FMLN, without reflecting much on the political cost this might have for the left as a whole. Not only does the Salvadoran left urgently require new space in civil society, but it must also recuperate some of its earlier legitimacy. With this in mind, the ERP is undermining the legitimacy of its own attempts to open new space for the left in civil society, and to demonstrate the political potential for a pluralistic and divided left.

There is no doubt that the specter of division has haunted the Salvadoran left since the 1970's. And that specter not only weakened it severely, but also left a trail

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of murdered intellectuals and outstanding leaders. Towards the end of the 1970's, unity became a relentless imperative; during the 1980's, once unity was achieved with the creation of the FMLN, this unity bore its best fruits and allowed the Front to become one of the fundamental motors of socio-political change in El Salvador. It was in this capacity that the FMLN squared off against U.S. counter-insurgency strategy (which the Armed Forces and the Christian Democratic Party actively joined); it was also in this capacity that it confronted the right headed by ARENA, with which it was able to establish the negotiations which led to the peace accords.

However, internal unity in the FMLN during the 12 years of civil war was mostly of a political-military nature. The unity was maintained more by the conditions imposed by the war than by strictly political-ideological affinities. On this point, the organizations which make up the FMLN continue to be as divided as before. But the demands of war helped soften the rough edges, and the unitary effort in the early 1980's (at the level it actually existed) not only met the requirements of the moment, but was also decisive in consolidating and developing the FMLN.

Following the peace accords, the electoral and legislative experience of the FMLN pushed its internal divisions to the surface, and the specter of a split loomed once again. The ERP's decision to leave the FMLN means that fears of divisionism and pluralism within the ranks of the left will increase, even if the symbolic unity of the FMLN is maintained, and worse if the FMLN is dissolved.

These fears are not without foundation, if we remember the costs of the divisions of the 1970's and if, seen from the positive side, we consider the results of the unification efforts of the early 1980's. During those times, division was equated with weakness, and unity meant strength and political-military potential. However, that does not mean that division must always be a negative thing, and that unity must always be positive.

Nor must we overlook the fact that, just as socio-political times change and demand that political actors adapt, these actors also change and evolve. In the case of the political actors of the left, this means that the reasons for seeking unity or division are not always the same; instead, they depend as much on particular moments as they do on the evolution of the actors in question. During the period which began with the signing of the peace accords -a time which has been unquestionably marked by political democratization- divisions have not been due to the same reasons as in the 1970's, nor must they necessarily translate into weakness. On the contrary, one might expect that the left could use these divisions to expand its presence in civil society. The same could be said for unity: the times which demanded and made possible the unity forged at the end of the 1970's and early 1980's are not the same as in the 1990's, which means that seeking the same kind of unity for the same reasons would be anachronistic. Thus, the notion of unity itself must be redefined, concomitant with the conscious or unconscious redefinition of the leading protagonists of the left, in order to reap the maximum possible political advantage.

Thus, the withdrawal of the ERP from the FMLN ought to help the left seriously reconsider the political meaning of its unity and its differences, in the context of this transitional period. This reconsideration especially requires realism, in order to get the key players to accept not only pluralism and the existence of other, equally legitimate socialist options, but also how necessary pluralism is in order to validate and legitimate all socio-political programs.

Now that the ERP has declared itself independent, we must establish to what extent this independence might politically benefit or weaken the left. For a start, one might expect that if the parties belonging to the FMLN -together or separately- and the ERP begin a frantic battle to win over each other's electoral constituency, the parties will fall into a zero-sum game, which will only end up hurting the left. If they expand their political work to search for voters outside the current ranks, but who are constituents of other opposition groups, they might become strengthened, but only by weakening potential allies. The third option would be to aim their sights at the constituents of ARENA and the PCN, as well as that great sector of society which abstained from voting in the past elections (40 percent in the first round and 47 percent in the second). This would allow each party to grow individually and to expand the left as well, without weakening either themselves or the opposition.

The third alternative is, of course, the most difficult to carry out, and will require the greatest and best efforts of each. However, it will be the most fruitful for the left, especially if it manages to redefine the problem of unity in order to build flexible but broad electoral alliances with parties not only of the opposition, but also (and on minimal shared issues) with other non-standard allies, as a way to break the hegemony of the right. For the left, this would mean steeping itself in a new political culture, one which espouses not only solidarity, justice and equality, but also diversity, pluralism and respect for others. In other words, for the left this would mean adopting and expanding a democratic political culture.

While we are waiting for this ideal moment to happen, the left will surely continue its internal struggles around the dissolution (or not) of the FMLN. Both the ERP's demand to break up the FMLN and the firm decision by the FPL-PCS-PRTC alliance to maintain unity at all costs, reflect the importance of the FMLN as a symbol for all. The ERP's insistence on dissolving the alliance should not be seen as merely a ploy to heat things up and get a good controversy going, as its top leader is wont to do; the demand also reflects the ERP's need to reassert itself and not be seen as weak just because it is outside the FMLN while others are sheltered by the symbolic

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and political potential of the Frente. This interpretation can also be applied to the other three groups' resistance to dissolve the FMLN: the Frente not only provides a dose of legitimacy and political presence which would be hard for each to obtain on its own, but it also strengthens them against the competition symbolized by the separate existence of the ERP.

We can say it in another way: as long as the FMLN exists, and maintains the triple alliance (FPL-PCS-PRTC) within it, the ERP loses out, at least if we assume the type of competition which has prevailed up until now on the left, in which each sees the other as a rival to weaken. If the FMLN is dissolved, those at greatest risk are the PRTC and the PCS; the FPL to a lesser extent. This is because the strength and political presence of these groups (except for the FPL) are due more to their membership in the FMLN than to their own great constituency and individual political achievements.

For the left, however, the result of all this, can only be greater political weakness, increased loss of credibility among voters, and the closing of whatever channels of consensus-building are left. In other words, the left is even incapable of coexisting with itself. It is often said that each country has the rulers it deserves. The same can be said for the left.

Guatemala

Government Minister Sworn In, Discusses Public Security

PA1201035795 Guatemala City Televisiete Television in Spanish 0400 GMT 10 Jan 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Attorney Carlos Enrique Reynoso Gil was sworn in Monday as the new government minister replacing Danilo Parinello who was removed last week and remanded to the courts where he will be investigated for alleged corruption in a case involving the questionable purchase of patrol cars for the National Police.

Guatemalan President Ramiro De Leon Carpio administered the oath of office to Carlos Enrique Reynoso Gil as government minister at a ceremony attended by the cabinet ministers. Reynoso Gil served as president of the Bar Association from 1992 to 1994, during which time he played a prominent role during the self-coup staged by then-President Jorge Serrano Elias.

The president voiced his complete support of the work to be carried out by the minister. For his part, Reynoso Gil referred to his decision to accept the post:

[Begin Reynoso Gil recording] I am going to participate in this ministry, which as everyone knows, is a very demanding one. We must address the security of the people. In order to do this, we must look at the issue of the Guatemalan police, of a purge at any given moment, of the fight against corruption, of the professionalism and training of all members of the National Police, and of improving their personal and economic status. It is still too early to speak about a government platform other than the one described by the president in his year-end speech—to fight common criminals as a means of achieving higher public security standards. [end recording]

Stressing the importance of evaluating the performance of all ministers, De Leon Carpio confirmed all of his cabinet ministers. This does not mean, however, that there cannot be a change in the coming days, he noted.

[Begin De Leon recording] In this sense, the ministers and the president of the Bank of Guatemala, whom you see here, are being confirmed in their posts with the understanding that we are going to strengthen certain areas in each of their ministries. The president will conduct direct follow-up actions, especially in the areas I mentioned in my year-end speech—that is, in the areas of macroeconomics, the peace process, human rights, and fundamentally, in terms of public security. [end recording]

The new government minister must face an escalation of violence in the country. One of the victims, a university professor gunned down in Zone 12 on Saturday, was buried today.

Nicaragua

Luis Humberto Guzman Reelected Assembly President

PA1201011095 Managua BARRICADA in Spanish 10 Jan 95 pp 1, 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] The UDC [Christian Democratic Union], the Ramirez group, and the rejuvenated UNO [National Opposition Union] yesterday managed to retain Luis Humberto Guzman as president of the National Assembly, following a complicated election process that created a climate of complete mistrust in the computerized vote system. Also, the three-way alliance managed to secure all of the other leadership posts, deliberately excluding sectors as important as the Sandinists, independents, liberals, and centrists.

For the first time ever, FSLN [Sandinist National Liberation Front] deputies voted for candidates from non-Sandinist political groups. Benigna Mendiola, Francisco Rivera, Omar Cabezas, Damaso Vargas, Nathan Sevilla, Gladys Baez, Roberto Laguna, and Juan Ramon Aragon were the only FSLN members who voted exclusively for Sandinist candidates.

Nathan Sevilla said the will of the minorities, who came together to form "a huge political clique," prevailed in

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the election of the new parliamentary Board of Directors. This will set a tone of confrontation throughout the year and does not bode well for national politics.

The assembly's Board of Directors now includes Christian Democrat Luis Humberto Guzman, Reynaldo Antonio Teffel, Nicolas Bolanos, and Doris Tijerino Haslam as first, second, and third vice presidents, and Julia Mena, Ray Hooker, and Luis Sanchez as first, second, and third secretaries, respectively.

Electoral Fraud?

The National Assembly session, which was scheduled to begin at 0900 in the morning, opened following an 80-minute delay, and the election of the new board began exactly at 1110.

Domingo Sanchez, nicknamed Chaguitillo, chaired the opening session of the new legislative period by virtue of the fact that he is the senior deputy in terms of age. His brief term as president was described by some deputies as disastrous and biased.

Some decisions, recriminations, and remarks by the legendary Chaguitillo prompted outbursts of laughter, while others provoked disorder, a lack of confidence, and even protests and charges of fraud in the election process, which apparently were linked to flaws in the National Assembly's computer system.

The first to challenge the votes for assembly president were Deputies Edmundo Castillo, Frank Duarte, and Guillermo Chavarria in connection with alleged technical failures in the National Assembly's computer system, which did not register Deputy Guillermo Chavarria's vote for Miriam Arguello.

Chaguitillo Biased

This not only paralyzed the election process, but it also gave rise to serious arguments and charges to the point that Edmundo Castillo, on behalf of independent parliamentarians, requested the annulment of the voting process in which Luis Humberto Guzman was elected by a total of 48 votes over Miriam Arguello's 40 votes.

Deputies Alejandro Solorzano, Guillermo Chavarria, Daniel Tate Cherry, Frank Duarte, Edmundo Castillo, Nathan Sevilla, and others demanded the annulment and called for a second vote. This proposal did not find support among the Board of Directors chaired by Domingo Sanchez as president, and Maria Ramirez, the youngest parliamentarian, as secretary.

Deputy Edmundo Castillo charged that in addition to the technical failure that occurred with Deputy Chavarria's vote, three computers recorded three different hours for the same vote.

Despite the serious charges, as well as a request by Deputy Dora Maria Tellez that the votes be verified by hand, the protests were ignored and Luis Humberto Guzman was elected for a new legislative period, which will no doubt have a very knotty and difficult agenda.

Sergio Ramirez Explains Reasons for Quitting FSLN

PA1201040295 Managua Radio Nicaragua Network in Spanish 1600 GMT 10 Jan 95

[Statement by Sergio Ramirez Mercado in Managua—live relay]

[FBIS Translated Text] The Sandinist National Liberation Front [FSLN] that I joined 20 years ago no longer exists. It was a party ruled by the highest moral principles, dedication, altruism, loyalty, disregard for material things, and the pledge to uphold the truth and sincerity and thus reject slander, dishonesty, and lies.

My wife Tulita always supported my commitment, and as they grew older my children endorsed the same ideals—ideals that are no longer respected by those who have in their hands the bureaucratic control of that party and, therefore, control of its radio stations, newspapers, and television stations.

My children have been part of the revolution since childhood. They learned to believe in honesty, fraternity, and justice. They strived to become new men and women in what we believed was a new country. That was a choice they made in their hearts and minds, and they were consistent in it.

That is why the three—Sergio, Maria, and Dora—participated in the literacy campaigns. That is why they picked cotton and harvested coffee year after year. That is why Sergio joined the military service in a battalion for unconventional warfare and acted bravely and nobly in the battlefield. I feel proud of them all, their quality as human beings, their candor, their integrity, and I admire them.

All those ideals have now been forgotten or misconstrued, and they are being discredited and defiled with impunity by the official media of the FSLN. People's honor and a family's integrity mean nothing to those who cultivate moral terrorism. What I feel now is revulsion.

I cannot continue as a member of that party while from the studios of a radio station of that same party—the party to which I devoted myself—an individual without morals slanders my family and feels authorized to attack my daughter, Maria, in a way that is characteristic of despicable, unscrupulous, and dishonorable people. That individual already has made victims of many innocent people. Armed with the power that the party's highest official leaders have given him, he now enters the sanctuary of my home and tries to slander us at will—and the highest official authorities of that party not only allow this and encourage his base behavior but also tell him what to say.

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Another one of their media has already published large headlines calling me a traitor. Those are the victories they now celebrate. In a brief communique the official directorate of that party has tried to dismiss the criminal action perpetrated by that radio station, but it protects the impunity of the perpetrator—the officious spokesman of the party owners who was given the radio station, even though it was a party patrimony.

This means the party's official authorities are guilty of lies, slander, and infamy; they are responsible for the black vomit spewed over my relatives. Since they have not been able to destroy me or bend my will, they now attack the most sacred thing I have—my family, therefore, my moral principles and the conduct of those who now make decisions about the party's actions have become irreconcilable.

I do not adopt this decision today as a result of a political plan. I do it out of decency because, today more than ever, I feel closer to my daughter and her husband, Napoleon, a fighter who was decorated as a war hero. I feel closer to all my family. I wish I had done this right away yesterday. I feel anger to the very bottom of my heart. That party has chosen to retain the vileness of those who respect nothing, neither the honor nor the feelings of others. I cannot belong to a party in which unpunished criminals hold a membership card.

To the thousands of honest Sandinists who have nothing to do with this base action, I tell you that my ideals, those that are Sandino's legacy, have nothing to do with a membership card. Sandinism is a feeling, a spiritual identification, a conviction. I will never renounce that conviction for the sake of a just, dignified, and democratic Nicaragua. Thank you.

Panama

Minister Reports Plot To Kill President

PA1201001495 Panama City Radio and Television Networks in Spanish 2247 GMT 11 Jan 95

[Statement by Panamanian Government and Justice Minister Raul Montenegro Diviazo, followed by news conference with unidentified domestic reporters, delivered at the Palace of the Herons in Panama City; broadcast in progress—live relay]

[FBIS Translated Text] [Montenegro] ...both cells had together planned a special operation called Control Action [Accion Control] that would be an attempt against the life of the president when he visits Boquete this week for the Festival of the Flowers. They planned to make an attempt against the life of President Dr. Ernesto Perez Balladares and to prevent him from continuing in power. Members of the cell referred to this operation as a conclusive action, meaning that the strategy was to definitively alter the country's political situation. They assumed that the government's existing security policy is unipersonal, that is, that it is centered exclusively on the president of the Republic. This is why they decided to depose him, to assassinate him, and to assume control of the main National Police garrisons and promote the formation of a civilian-military junta.

Former members of the military, active duty policemen, and civilians are involved in the conspiracy. Some participants in this plot were members of the subversive cell that staged an attempt against the life of former President Endara in April 1993 in Boquete.

As a result of the investigation, we have arrested 10 uniformed members of the National Police. We are continuing the investigations that will help us dismantle this plot, which seeks to interrupt the democratic legitimacy of Dr. Ernesto Perez Balladares' government.

The Government and Justice Ministry has appointed a high-level commission, headed by Deputy Minister Martin Torrijos and Dr. Efebo Diaz Herrera, the ministry's director of legal issues, to participate in the ongoing investigations and to take carry the investigation of this intended incident out to its ultimate consequences, so that the public may be informed. Santiago Batista of the Government and Justice Ministry's legal department is also on this commission.

The policemen who have been arrested have been transferred to the capital city.

In the coming hours, investigations into this plot to assassinate President Ernesto Perez Balladares and some of his closest collaborators, to interrupt the process of democratic government, will continue. Thank you very much.

[Reporter] Mr. Minister, what are the names of those involved? Are their identities known?

[Montenegro] Yes, of course. I can tell you that those arrested include Lieutenant Euclides Guerra, Lt. Astenio Castillo, Sergeant First Class Ligio Lezcano, Sublieutenant Grajales, Sgt. Second Class Sonia Guerra, Sgt. First Class Nicholson, and Sgt. Second Class Eric Veces.

[Reporter] Do you have the names of those implicated?

[Montenegro] We have names, but, based on the president of the Republic's wish that this case have the necessary legal substantiation, we are abiding by the law so that, as has happened in the past, this will not remain unresolved, and so that severe and deserved punishment will be meted out to those who seek to interrupt the legitimate constitutional processes of the Republic of Panama.

[Reporter] Are civilians and former members of the military under arrest?

[Montenegro] Not as of now.

[Reporter] Within that plan, Mr. Minister, how was the plan going to be executed?

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[Montenegro] The president was going to be assassinated in Boquete on Friday. Immediately thereafter, they were going to eliminate some of the closest associates of the president of the Republic, weapons would be joined at police garrisons throughout the country, and power would be seized through the formation of a civilian-military junta.

[Reporter] Mr. Minister, what certainty...

[Second reporter, interrupting] Do those involved belong to any political party?

[Montenegro] As of now, we cannot tell you if the civilians involved answer to any political party in particular. Nevertheless, this afternoon, at the instruction of the president of the Republic, we summoned to the presidential palace representatives of all democratic political forces in the country to inform them firsthand about these incidents. All parties have expressed their support for Panamanian democracy.

[Reporter] What certainty is there or to what extent have these civilians been found out? Do you have the names of any of these civilians and are they under arrest?

[Montenegro] As of now, no civilians have been arrested. As I have said: We are acting in accordance with the law because we want to carry these investigations through to the end. We want to have evidence when arresting the participants in this coup attempt so that they will be punished.

[Reporter] Will the president's trip to Boquete be cancelled because of this situation?

[Montenegro] The president will not cancel his trip; on Friday he will inaugurate the Boquete Festival of the Flowers as planned.

[Reporter] Mr. Minister, did this movement emerge within the National Police or are others involved too?

[Montenegro] I have already mentioned the composition of the group plotting to attack the president. The group is comprised of civilians and elements within the police who oppose the security policy of President Ernesto Perez Balladares.

[Reporter] How long has this situation been under investigation?

[Montenegro] Security organs have been investigating this and other movements. But this movement in particular has been under investigation since before the inauguration of President Perez Balladares on 1 September 1994; these investigations were intensified as of that date.

[Reporter] [Words indistinct]

[Montenegro] Some of these people are still at large. Others were active members of the National Police.

[Reporter] Mr. Minister, you said that the president will go to [words indistinct] anyhow.

[Montenegro] This is why we have acted forcefully and have immediately issued arrest warrants and have warned the people about the situation. We are investigating. And in the next few hours we will be arresting other elements to be sure that, with the support of security organizations and the entire public force, we have dismantled this destabilization attempt aimed at assassinating the president.

[Reporter] Will security around the president be increased?

[Second reporter] [Words indistinct] this afternoon here in the Presidential Palace?

[Montenegro] President Endara and other political leaders were here. They have reaffirmed to President Perez Balladares their support for democracy and the legitimacy of President Perez Balladares.

[Reporter] Will more Institutional Protection Service [SPI] agents be assigned to protect the president?

[Montenegro] The president's security is adequately covered. We will act in accordance with circumstances.

[Reporter] Will police units within the National Police be investigated with a view to a purge?

[Montenegro] Right. We will continue the investigations until we uncover all ramifications and find the evidence needed to bring to trial and condemn those who have tried to bring tragedy to the country. The penalties are established in our codes and in the nation's laws. What we as authorities of the executive branch can do now is to work to see that punishment is exacted.

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Argentina

Menem Sees 'No Possibility' of Devaluation, Calls Economy 'Firm'

PY1101214995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1910 GMT 11 Jan 95

[FBIS Translated Text] Buenos Aires, 11 Jan (NA)—President Carlos Menem today stressed that there was no possibility of the peso being devalued, stressing that "the economy is firm and solid" despite the heavy fall in the price of shares on the stock market. "Stability is being maintained, and convertibility with even more reason. There is no possibility of a devaluation," he asserted.

The president termed "transitory" the situation being experienced by the financial sector, as a consequence of the Mexican economic shock, and emphasized that "there is no reason for concern" because "Argentina is experiencing good times."

"The economy is firm, solid, and the economic guidelines that Economy Minister Domingo Cavallo has implemented are going to be carried out," the chief of state stressed this morning, in remarks to Radio Municipal.

In order to express calm, he insisted on emphasizing that "there is no reason for concern," and repeated that "we are going to have a fiscal surplus this year." Menem once again differentiated between the situation being experienced in Argentina since the last week of December and the Mexican situation, something that is critical for overcoming the crisis. This time he provided a variation on that differentiation, emphasizing that U.S. investors are confusing Argentina with Mexico. "On occasion some U.S. presidents have confused Bolivia with Argentina, or their capitals," he recalled in this respect. Menem maintained that those who become confused in this manner "are far from understanding everything that America, the continent where the United States is located, means, or its realities."

"These sorts of confusions then come up, causing some kind of damage," he said.

In conclusion Menem confirmed that he would participate in the economic forum to take place in the Swiss city of Davos, where he will be one of the main speakers together with his Colombian colleague, Ernesto Samper. Davos is practically considered the world's finance mecca, as the most important businessmen participate there annually.

Stock Market Rallies; Closes in 'Greater Calm'

PY1101205495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2012 GMT 11 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 11 Jan (NA)—The final rise in the leading shares of the Merval index of the Stock Exchange amounted to 4.94 percent, after a day that began with a decline and ended with an atmosphere of greater calm among investors. The day's balance regarding prices was 29 advanced shares, 12 declines, and 13 shares with no change, while the volume of business amounted to 35.9 million pesos. The overall stock market index rose by 2.08 percent, while the Merval index closed at 393.64 points. [passage omitted]

Former Economy Minister Rules Out Peso Devaluation

PY1101202295 Buenos Aires TELAM in Spanish 1408 GMT 11 Jan 95

[FBIS Translated Text] Buenos Aires, 11 Jan (TELAM)—Economist Juan Alemann noted today that there is not the slightest possibility of devaluating the Argentine peso, and recommended investment in Argentine securities in dollars, describing them as unusually low-cost. The former economy minister said: "Absolutely nothing will happen; the dollar exchange rate remains unchanged, immutable. People should remain calm."

In remarks to Radio Mitre, Alemann emphasized that the Mexican crisis "has had a recessive effect" on Argentina. The economist stressed: "The economy is at a standstill; nothing is being sold."

Afterward, Alemann urged people not to enter in debt using credit cards, "not because there is a risk of devaluation, but because they are paying high interest; if people do not have the money to pay cash, they should put off their decision to buy."

The economist emphasized that purchasing Argentine securities in dollars, whose current price he described as "abnormal," represents a good investment. Alemann said: "It is very difficult to predict the future steps of thousands and thousands of international investors." Nevertheless, he predicted a recovery of the Buenos Aires Stock Exchange, "especially because the government has remained very firm" in its economic policy.

'Coordinated' Market Action With Brazil, Chile Sought

PY1201123895 Buenos Aires TELAM in Spanish 0038 GMT 12 Jan 95

[FBIS Translated Text] Buenos Aires, 11 Jan (TELAM)—Commerce and Investment Secretary Carlos Sanchez today announced a coordinated action between Argentina, Brazil, and Chile to strengthen the region's credibility in the eyes of investors.

Sanchez talked with journalists accredited to the Finance Ministry about rumors of an imminent devaluation of the Brazilian real. The secretary categorically denied the rumor, saying that the neighboring country's economic policies are in a stage of consolidation. Sanchez said, however, that the episode revealed there was need for a "coordinated action" to strengthen the region's credibility. Sanchez said that in order to achieve this goal, the three countries' economy ministers will hold consultation meetings in the future.

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With respect to today's recovery of the local stock market, Sanchez said "Argentina not only offers security, but also the prospect for future high profits."

Sanchez was accompanied by Communications Media Secretary Guillermo Seita and Central Bank President Roque Fernandez.

Bolivia

Man Wanted for Extradition Claims Innocence

PY1101152495 La Paz Television Nacional Network in Spanish 1700 GMT 10 Jan 95

[FBIS Translated Text] We have an interview with Felipe Roca, who is wanted for extradition and who fears the Supreme Court may change its ruling on his case.

[Begin Reporter Amalio Pando recording] Felipe Roca is one of three Bolivian citizens who were processed for extradition on the basis of a request from the U.S. Embassy. On 21 December 1994, however, the Supreme Court unanimously rejected the extradition request for Roca and [Rolando Suarez] Landivar and postponed ruling on the case of Faustino Rico Toro.

Felipe Roca was arrested in March 1994, 15 days before the U.S. Embassy submitted its extradition request. There are no charges against Roca in Bolivia. His greatest crime is to be the half-brother of the well-known Techo de Paja [Jorge Roca]. How did you find out about the Supreme Court ruling against the extradition?

[Felipe Roca] Through the press, because the ruling was known throughout the country.

[Pando] In other words, because the judges publicly disclosed the information.

[Roca] That is right. Apparently the head of the Supreme Court himself disclosed it.

[Pando] How long have you been held here? I assume the two of you are being held.

[Roca] I do not know if the other individual is being held.

[Pando] Is he here in the San Pedro prison?

[Roca] No, he is not here. I have been being held for 10 months. I was held for almost six months in the facilities of the FELCN [Special Antinarcotics Force], and detained here the rest of the time. I have been waiting here patiently.

[Pando] Tell me calmly when and where you were arrested. This is important information for me.

[Roca] I was living in Santa Ana de Yacuma. I was arrested there by two FELCN officers. I was then taken to Trinidad, Santa Cruz, and then here. I was in Santa Ana in my house. There was no operation or anything like that. I was merely asked to come along because the FELCN office wanted to talk to me. I went, and that is where I was arrested.

[Pando] Are you a relative of Jorge Roca, also known as Techo de Paja? Is that why the U.S. Embassy is accusing you?

[Roca] Yes, he is my half-brother. We have the same father. He was tried in the United States. I assume this is the reason the Embassy also wants to try me.

[Pando] Were any charges brought against you in the Bolivian courts? Were you involved in any criminal activity?

[Roca] Never. There are no proceedings against me; I have no record at the FELCN. On 25 March we submitted a writ of habeas corpus, and the FELCN had to apologize to the judge for arresting me illegally.

[Pando] What are the U.S. Embassy's charges against you?

[Roca] I don't know why it is accusing me, because I have never in my life been to the United States. I have never been to the United States. I am even being accused of tax evasion in the United States. I have never in my life been in the United States.

Despite all the things that are happening, however, I waited patiently. Thank God for the patience, and the ruling of the Supreme Court.

[Pando] The Supreme Court has already ruled that Roca will not be extradited, but it has not yet released the ruling in writing, and this delay is giving rise to uneasiness. The U.S. Embassy has not stopped exerting pressure since 21 December, when the judges met to resolve this case. [end recording]

Article Examines Unfulfilled Electoral Promises

PY1101193395 La Paz HOY in Spanish 1 Jan 95 p 6

[Article by Gerardo Bustillos]

[FBIS Translated Text] (ANF)—During 1994 the government failed to fulfill many of its electoral promises mentioned in the so-called Plan for All. We did not reach planned growth rate levels, promised jobs were not created, planned investment failed to materialize, the capitalization program was not implemented, and taxes were raised.

So conscious was the government that the Plan for All had overambitious goals that it reduced and changed a great number of variables, introducing more realistic figures during negotiations with the IMF. An economic analyst said at that time that you cannot sell illusions to the IMF, as was done with the Bolivian people during the 1993 election.

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Growth

First of all, Bolivia did not reach the 4.8 percent growth rate promised in the Plan for All. The most optimistic forecasts talk of 4.4 percent, while the most pessimistic opinions mention 3.5 percent.

Therefore real growth—that is, total growth minus population growth—is substantially less than expected. It would reach 2.2 percent in the case of official forecasts, and only 1.3 percent in other cases. Either one of the two possibilities results in a per capita income of less than the 2.7 percent [as published] mentioned in the Plan for All.

Employment

The electoral proposal also contemplated the creation of 72,187 new jobs during 1994, but it also hoped that the capitalization plan would begin operating, which is something that did not occur.

Official figures on the creation of new jobs differ greatly and have little credibility. The labor minister says the government created 84,354 new jobs, while the Central Bank president stretches that figure to 100,000.

Homes Integrated Survey says that there are 60,000 people without a stable source of income in the country. Meanwhile, the list of people looking for jobs climbed to 17,200 individuals. If the figures handled by the Labor Ministry are correct, we would not have any unemployment problem, which is obviously not the case.

We cannot believe that construction absorbed a great number of unemployed people either, because the industry registered a negative growth rate of minus 1 percent during 1994.

The only reasonable explanation we have is that the created jobs are in the areas of services and commerce (the labor minister recognizes this), which in fact only means that those jobs were created in the parallel market. Here we must again talk about job quality, because there is no point in creating jobs if they are not going to permit workers to make a decent living.

Besides, official reports intentionally omit the fact that 3,361 workers left the public administration during 1994. This was possible because the Popular Participation Law gave officials a chance to dismiss 596 employees from regional development corporations and make 2,765 Comibol [Mining Corporation of Bolivia] employees accept retirement under the "voluntary retirement" plan.

Investment Dropped

Investment was less than what was promised because the capitalization program was not implemented. The Plan for All referred to an overall investment of nearly $1.2 billion, including $502 million in public investment, $544 million in domestic and foreign private investments, and $150 million in investments derived from the capitalization plan.

Preliminary figures show a different picture: Overall investments barely reached $800 million. This amount is the result of adding public investments amounting to a little over $400 million to the $390 million that derived from the capitalization plan. Besides, this year's private investments dropped if compared with last year's investment levels. Without investments we cannot hope to have growth.

Taxes

The Plan for All promised "a gradual reduction" in the Value Added Tax [VAT] from 13 to 10 percent. The reform of the Tax Law, however, raised Transactions Taxes by 50 percent, and the effect of this measure is equivalent to a three-point VAT increase.

Capitalization

The capitalization process was not implemented according to the provisions of the Plan for All, either. The government eliminated the commissions for the notable figures who would have made up the Solidarity Development Foundation (Fundesol) that would have been in charge of administering and guarding the package of shares that belonged to Bolivian citizens.

Other Unfulfilled Promises

The promise to create the Customs and Taxes Superintendency and designate directors by a two-thirds majority was not respected, either. The fight against corruption did not have any concrete results.

As the president himself has said, not a single corrupt official had been sent to jail yet, and no one will believe in the much talked about struggle against corruption as long as the "big shots" do not rot in jail. The Unit for Citizens' Defense Against Corruption (Udeco) has been nothing more than a mailbox for complaints, as no one knows whether cases are investigated and, particularly, if corrupted officials are tried.

Brazil

Cardoso Reconfirms Geraldo Quintao as Counselor General

PY1101152695 Sao Paulo AGENCIA ESTADO in Portuguese 2207 GMT 10 Jan 95

[Report by Marta Salomon]

[FBIS Translated Text] Brasilia, 10 Jan (AE)—President Fernando Henrique Cardoso today said that his government will decidedly defend the public patrimony. He said this as he reconfirmed in his post Counselor General [Advogado-geral da Uniao] Geraldo Magela Quintao. "The country must defend itself from the plundering that takes place, often with the connivance of the state itself," the president said in his speech. "The national Treasury is in a very difficult situation," he pointed out.

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The counselor general promised "fast and strict" action. There are more than 500,000 lawsuits accumulated against the federal government, Geraldo Quintao said. Most of these lawsuits are claims from economic plans prior to the Real. "We were very careful to preserve contract rules when formulating the Real Plan," he said. Quintao was retained in his post, according to Cardoso, for the important role he played during the juridical discussions of the Real Plan. "With his calm style he has helped us meet the demands of the politicians and the knowledge of the economists," he said.

Quintao interpreted the president's speech as a message that the government will be implacable in fighting corruption. The action of the Counselor General's Office will be limited to responding to illegal administrative actions. "We have learned that there are centers of corruption within the government," Quintao said, recalling the "White Book on Corruption" produced at the end of the Itamar Franco administration and sent to Attorney General Aristides Junqueira.

In order to better defend the federal government, Quintao will have to hire 400 additional attorneys. The posts will be filled through a public contest. The Counselor General's Office currently operates with 200 legal advisers. He said: "There are some 400 people working at the front." [preceding word in English].

Names Ministerial Executive Secretaries

PY1101205995 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Jan 95 p 7

[Report by Rosana de Cassia]

[FBIS Translated Text] The DIARIO OFICIAL DA UNIAO yesterday published decrees signed by President Fernando Henrique Cardoso appointing executive secretaries for five ministries. Gilda Portugal Gouveia, a member of the PSDB [Brazilian Social Democracy Party] and former private secretary of Luiz Carlos Bresser Pereira during his tenure as finance minister, has been appointed acting executive secretary at the Education Ministry.

Maria Delith Balaban, who served as chief of staff of then Senator Fernando Henrique Cardoso and of former Planning Minister Beni Veras, has been appointed executive secretary at the Culture Ministry.

Cardoso has appointed Claudia Maria Costin, a member of the Sao Paulo PSDB chapter, as executive secretary at the Federal Administration and State Reform Ministry; and Ailton Barcelos Fernandes, former executive secretary at the Industry and Commerce Ministry, as executive secretary at the Agriculture Ministry. Finally, Cardoso appointed Jose Carlos Seixas as executive secretary at the Health Ministry.

Marco Maciel Viewed as Political Coordinator

PY1101160095 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jan 95 p A6

[From the "O ESTADAO" column by Cristiana Lobo]

[FBIS Translated Text] By appointing Marco Maciel as spokesman to the Political Council meeting yesterday, President Fernando Henrique Cardoso has demonstrated that the political coordination will remain in Planalto Palace, and he reiterated—despite the complaints of congressmen—that he will really pursue an institutional relation with Congress through the presidents of the political parties and congressional party bloc leaders.

Marco Maciel's statements to the media yesterday, by order of President Cardoso, allow one to conclude that the political relationship between Cardoso and his vice president is much closer than previously imagined. It has become clear since yesterday that the political coordinator of the government is the president, and the operators with regard to his decisions are Vice President Marco Maciel and the politicians who are members of the Political Council.

This eliminates the idea of the creation of an extraordinary political affairs ministry. According to Marco Maciel, the maximum that the government will allow is the creation of an executive secretariat to comply with the decisions made by the Political Council. It will be made up of three or four advisers with great experience in Congress. They will preferably be former congressmen from different parties.

System

The Cardoso administration has adopted a parliamentarian government model with the presence of two strong councils: In the administrative field, any project will be implemented only with the approval of the Government Council, which is really the cabinet. In the political field, any action has to be approved by the Political Council, which is made up of the leaders of the allied parties.

Fernando Henrique Cardoso is the president and prime minister.

'Best of the Bureaucrats' Return to Executive Posts

PY1101203595 Rio de Janeiro O GLOBO in Portuguese 8 Jan 95 p 43

[Article by Silvia Faria and Rossana Alves]

[FBIS Translated Text] Brasilia—The technocrats are changing the government's appearance. After having been banished from key posts during the Collor administration to give place to professors, the best of the bureaucrats have returned with great style, with renewed efficiency and professional qualifications. Without bearing diplomas from famous universities, without wearing imported fashion clothes, and without being seen in sophisticated restaurants, the network of those in power are rolling up their sleeves and silently assuming command of the beleaguered public apparatus.

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The network of friends formed at the end of the military administration have met again in the Fernando Henrique Cardoso administration. Dorothea Werneck, Paulo Cesar Ximenes, Sergio Cutolo, Pedro Parente, Luiz Fernando Wellisch, Martus Tavares, Luciano Patricio, Claudia Costin, Almir Freire, and Simao Cirineu, among many others, are members of this group of people that have made a career in the federal administration.

The presence of career bureaucrats in key posts considerably reduces the possibility of conflict within the government. Used to the limitations imposed by the weight of the slowness of the government apparatus, a bureaucrat seeks solutions within the limits of the public apparatus. As opposed to the professors, the bureaucrats know how to better use available resources, identifying professional talents and encouraging public employees to upgrade their education.

The Cardoso administration decided to place technocrats in executive posts, reserving for the professors a few posts from which they can design policies. While Pedro Parente resolved bureaucratic problems in the Finance Ministry with the help of Murilo Portugal in the national Treasury, Jose Roberto Mendonca de Barros will administer a sort of a think tank in the Economic Policy Secretariat, which does not have executive duties.

The selection of the presidents of the most important federal banks, like Paulo Cesar Ximenes (Bank of Brazil) and Sergio Cutolo (Federal Savings Bank), does not follow the old model of political appointments, which is often incompatible with the technical orientation of the economic command.

This circle of friends was initially formed around Joao Batista de Abreu, when he was chief of the Special Technical Advisory (Atesp) of the Planning Secretariat when it was headed by Delfim Netto during the Figueiredo administration. Abreu appointed Pedro Parente, Luiz Fernando Wellisch, Luis Jorge de Oliveira (who is still Bank of Brazil financial director) and Raul Velloso, who have formed a technical nucleus that now, 16 years afterward, again finds itself in power.

Andrea Calabi, Martus Tavares, Simao Cirineu, Paulo Cesar Ximenes, Dorothea Werneck, and also former Minister Mailson da Nobrega joined the above mentioned group during the Sarney administration.

Foreign Minister on Foreign Policy Guidelines

PY1101215295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jan 95 p 11

[Article by Brazilian Foreign Minister Luiz Felipe Lampreia]

[FBIS Translated Text] In his inauguration speech, President Fernando Henrique Cardoso expounded his views on the world, on Brazil, and on foreign policy. The role that the president assigns to diplomacy stems from his own idea of Brazil's development, and of the role that his mandate must play in the consolidation of the country's economic stability and the resumption of growth.

Brazil begins a new administration with a new international projection, which is due precisely to that combination of stability and economic upswing. We are now in an ideal situation to further deepen regional ties with Mercosur [Common Market of the South] and to consolidate partnerships with the dynamic poles of the world economy—North America, the EU, and Southeast Asia. It is true, however, that we still have many constraints, characteristic of an unfair society, that greatly influence the country's domestic as well as foreign agendas. Brazilian diplomacy will be efficient only if it has a realistic vision of the country, its achievements, and its problems. Improving Brazil's position in the international arena is central for the qualitative transformation of Brazilian society, which will in turn help to improve Brazil's position on the international scene.

Thanks to the efforts made by Brazilians themselves, efforts that guaranteed the country's economic and political stability, we are now guided by the two forces that are dominating post-Cold War history, namely democracy and economic freedom with social concern. We did away with one of the last negative signals, which had weighed heavily on our country over the last few years—namely the idea that we were incapable of putting our own house in order, for our own benefit—and have crossed the issue of the external debt off the agenda of our most pressing priorities. We opened up our economy to international competition, and Brazilian industry is giving signs of having risen to the challenge.

We enjoy more international credibility because we managed to make the necessary policy changes best befitting the current changes prevalent in the world, in the Western Hemisphere, and in our country itself. As President Cardoso has stated, these changes will continue in order to strengthen our political assets and our performance. Moreover, thanks to Mercosur, which is now a customs union, we have as a nation been considerably strengthened in our own identity and with our own characteristics. Against this backdrop, in which Brazil is newly organized and has better credentials to operate at the international level, we have a president who is clearly willing to be at the helm of Brazilian foreign policy and greatly involve himself in the diplomacy of heads of state and government, which is a distinctive trait of the modern world and a particularly important characteristic of hemispheric diplomacy. Never before in our history has the Foreign Ministry found itself facing such a positive juncture.

On the international front, there are a number of unprecedented positive factors, such as the economic upturn in industrial countries and Latin America; the advances toward the resolution of conflicts affecting regions that are potentially rich and promising for international trade; the successful conclusion of the Uruguay Round of the GATT talks with the establishment of the World

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Trade Organization (WTO); and the harmonious coexistence between the strengthening of multilateralism in the trade in goods and services and regional integration processes. Notwithstanding this, we are living in a world in which power is increasingly gauged by factors other than strategic and military might. The countries that have control of the international economic agenda, and which are making headway on the domestic front, are showing the way to achieve development and a better positioning on the international scene: competitiveness, access to markets, unhampered access to state-of-the-art technology, opening up to foreign investment, a labor force with good standards of education and technical levels, investment in science and technology, the ability to promote the high quality of its production abroad, the capacity to create and market new products and services, the seeking of partnerships abroad that result in enhanced trade and investments, the creation of new jobs, the expansion of economies of scale, and the transfer of knowledge and technology.

The role of Brazilian diplomacy in this scene is to widen its foreign base, so as to consolidate its economic stability and sustainable and socially equitable growth by opening more and better access to markets, by protecting our economy from unfair competition, by attracting new investments and technology, and by improving access to education. Brazil should also further better relations with its partners and seek greater and more appropriate participation in regional and international decision-making forums, both economic and political.

It goes without saying that among our top priorities are the consolidation of Mercosur (our third largest trade partner, following the EU and the United States, which accounts for 13 percent of our foreign trade); relations with our Latin American neighbors; the integration of the Americas; relations with the three poles of economic power in the world (the United States, the EU, and Japan) and with Southeast Asia and the three continental countries (the PRC, Russia, and India); the establishment of the WTO; human rights; the environment; the UN reform; and the protection of Brazilians abroad. The Foreign Ministry intends to further this policy through an ongoing dialogue with civilian society, trade unions, associations, political parties, Congress, molders of public opinion, businessmen, university professors, non-governmental organizations, and state and municipal governments. Diplomatic strategy and action are at present based on democracy and federalism. This is the project that we have started to pursue, and of which I intend to regularly give an account to the readers of the major Brazilian newspapers.

PSDB Chapter in Parana State Undergoing 'Crisis'

PY1101205795 Rio de Janeiro O GLOBO in Portuguese 9 Jan 95 p 4

[Article by Elza Oliveira]

[FBIS Translated Excerpt] Curitiba—Despite its victory in the presidential elections and despite being a member party of the coalition that took architect Jaime Lerner (PDT) [Democratic Labor Party] to victory in the Parana gubernatorial election, the PSDB [Brazilian Social Democracy Party] branch in Parana State is undergoing a crisis. In recent weeks two of its main leaders—Senator Jose Richa and former federal Deputy Euclides Scalco—announced their decisions to quit public service.

In the 1994 elections, the PSDB Parana chapter lost a Senate seat, its bloc of federal deputies was reduced from four to only one, and its bloc of state deputies was reduced to three deputies. Additionally, only one PSDB member—former Minister Deni Schwartz—is serving on the cabinet of Governor Lerner. Schwartz has been appointed transportation secretary.

The weakening of the Parana PSDB chapter accounts for Scalco's decision to decline any public office, either at federal or state level. After declining offers by President Cardoso to head the Community in Solidarity Program, and by Governor Lerner to be the head of the state civilian household, Scalco chose to stay in the private sector. [passage omitted]

Richa and Scalco have announced their decision to continue to participate in PSDB activities, although in a more limited way. They have both noted that the PSDB is going through a delicate period.

Concerned about the fragility of the PSDB structure, Scalco said: In the southern region, the PSDB has only three out of the 80 elected congressmen. Of the 66 federal deputies elected in October, 26 come from the states of Sao Paulo and Ceara. Political coordination will be difficult.

Teobaldo Machado, president of the PSDB Parana chapter, said that the party is starting a process of reorganization.

Machado said: Many municipal boards only exist on paper. We are going to start from square one, and will nominate our own candidate for the 1996 elections.

Malan, Argentina's Cavallo Evaluating Mexican Crisis

PY1201002295 Sao Paulo AGENCIA ESTADO in Portuguese 2226 GMT 11 Jan 95

[FBIS Translated Text] Brasilia, 11 Jan (AE)—The Mexican crisis has brought Brazil and Argentina even closer to each other. Since the beginning of the Mexican crisis at the end of 1994, Brazilian Finance Minister Pedro Malan and his Argentine counterpart, Domingo Cavallo, have exchanged information on the "Tequila effect" of the Brazilian and Argentine economies. "Yet there is no coordinated action," Malan said today through his press adviser. The objective of the conversations between the two ministers is merely to keep them abreast of events in the Mexican crisis.

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Minister Malan reiterated that he and Cavallo are "long-time friends," and consequently the exchange of phone conversations over the past few days was "merely routine." Advisers have also said that because of Mercosur [Common Market of the South] negotiations, there is a "constant need" for contact between the two ministers. The facts of the matter are, however, that both Malan and Cavallo are trying to evaluate the impact of the Mexican crisis on Brazil and Argentina.

Cavallo had to go to New York to talk with investors and with the international financial market to assure them that what happened in Mexico will not happen in Argentina. For his part, Malan chose to issue bonds (exchange-NTN [National Treasury Notes]) from the Central Bank's own portfolio in order to give the market a signal that Brazil does not intend to modify its exchange policy.

BC Officials Analyze Crisis

PY1201022795 Sao Paulo AGENCIA ESTADO in Portuguese 2307 GMT 11 Jan 95

[FBIS Translated Excerpt] Brasilia, 11 Jan (AE)—Central Bank [BC] President Persio Arida today said that it is not incumbent upon the BC to either bail out or knock down stock exchanges. He also noted that the monetary policy will not be a passive one, and stated that no one should expect changes in the exchange policy. [passage omitted]

BC Director Gustavo Franco pointed out a significant difference between the Brazilian and Argentine stabilization programs. "Unlike Argentina, we have not set up our exchange system by law," said Franco, referring to the system of bands that gives the market freedom of action at one of the two ends.

Monetary Policy

BC President Arida noted, however, that the monetary policy will not be a passive one. He said: "The requirement not to be passive is an essential part of the stabilization process." This means that the BC will continue to monitor interest rates to guarantee the continuity of the stabilization program and to maintain financial savings invested in the market, without promoting a strong consumption push.

Alkimar Moura, director of the BC Monetary Policy Department, said: "It is the market that determines whether interest rates should be high or low. Investors consider it to be adequate now." In the absence of a long-term fiscal policy, the monetary policy will continue to serve, along with the exchange policy, as major anchors of the plan. Arida advocates the existence of many anchors, but notes that the main one is the fiscal anchor. The government will have to submit to Congress by 15 February its proposals for tax and social security reforms, as well as for the state reform.

Privatization

Arida did not convey concern about the devaluation of the stocks of state-owned companies provoked by the Mexican exchange crisis. He believes that privatization will be important to the extent that it will exchange assets that are not yielding good dividends to the Treasury and which, in some cases, are provoking losses. Arida believes that the government will not be losing money because the sale of the state-owned companies will help overcome budget deficits and reduce domestic debts.

Commenting on the Public Debt Amortization Fund, Arida said: "Unlike the foreign debt, which has been renegotiated for the long term, the domestic debt is short term and has a very high cost." The resources that will go into this fund will come from the Social Emergency Fund (FSE), as well as from the proceeds of the sale of stocks of state-owned and private companies in the hands of the federal government.

Inflation

Arida stated that after six months, the Real Plan remains on the right track, as shown by the inflation indexes of December released this week, as well as by preliminary IGP-M [General Market Price Index] figures for January. He said: "Inflation is clearly declining." He regretted the fact that the Mexican crisis, which has in turn knocked down Latin American stock exchanges, has overshadowed the first good results of the stabilization program during the Fernando Henrique Cardoso administration.

Officials Vow 'No Changes' Due to Crisis

PY1201000795 Sao Paulo AGENCIA ESTADO in Portuguese 2151 GMT 11 Jan 95

[Report by Riomar Trindade]

[FBIS Translated Text] Brasilia, 11 Jan (AE)—Central Bank [BC] President Persio Arida today stated that it is not incumbent upon the BC to either bail out or knock down stock exchanges. Commenting on the negative effects of the Mexican exchange crisis on Latin American stock exchanges, particularly on 10 January, Arida said: "We have not seen any signs of adverse behavior on domestic financial markets. There is great confidence in the Brazilian system." The Mexican crisis prompted the BC president to meet with reporters late yesterday with a view to giving reassurances to the financial market, to investors, and to the public.

Arida was accompanied by all the members of the BC Board of Directors—Francisco Lopes, Gustavo Franco, Alkimar Moura, and Helio Mori. He reiterated the remarks made yesterday by Finance Minister Pedro Malan and by Planning Minister Jose Serra, to the effect that there is no room for comparison between the Mexican and Brazilian economies. BC Directors Franco and Lopes also touched on the same topic. Referring to the $27.37 billion deficit in Mexican current transaction accounts, Lopes said: "Mexico's weakness lies in the ratio of its exchange reserves and its deficit in transaction accounts. The Mexicans placed themselves in a too

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vulnerable position, perhaps because NAFTA was then already close at hand. The market is merciless, and the blow it has inflicted on Mexico was devastating."

Franco noted that Brazil has a framework of regulations designed to restrict the application of foreign capital to short term investments (such as the Financial Application Fund, which is calculated on a daily basis). He added that the Financial Operations Tax is applicable to these funds. The BC president and directors were calm because of today's reversal in the decline observed yesterday at the close of the so-called black Tuesday in the stock exchanges. Investments totaled $464.5 million as compared to $105 million in withdrawals, which leaves a net positive balance of $359.5 million.

Despite fears that the average 15 percent edge of the real over the U.S. dollar could contribute to increasing imports, and consequently to reducing the level of exchange reserves, Arida stated that there will be no changes in Brazilian exchange policy. He said: "We are not going to make changes in the exchange policy."

Finance Minister Says 600 Bank Branches To Close

PY1001195495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jan 95 p 1

[FBIS Translated Text] Finance Minister Pedro Malan yesterday reported that the government will dismiss employees and close down 600 branches of five federal banks before the end of the year. This measure is part of a plan to streamline the federal financial system. As he admitted the existence of political interests in every federal bank branch, Malan added that one of the objectives is to "avoid duplication of duties and predatory competition." The banks that will be affected are the Bank of Brazil, the Federal Savings Bank, the Meridional Bank, the Bank of Amazonia, and the Brazilian Northeastern Bank. The intervention board of Banerj [Bank of the State of Rio de Janeiro] has decided to sell Ciferal, a car body work factory, and the Brazilian Electric Welding Company (EBSE).

Planning Minister on Public Employee Wage Increase

PY1101160295 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 11 Jan 95

[FBIS Translated Text] Planning Minister Jose Serra has said that the government will not unsettle its accounts to pay the wage adjustment to which workers are entitled through the renewal of their collective labor agreements. Although the government wants to pay the federal public employees their wage adjustment, it needs funds for this. This was stated by Planning Minister Jose Serra.

[Begin Serra recording] The government cannot and will not spend money it does not have. There is no force that will make us either print money or increase the government debt. We will not do that. [end recording]

Minister Serra added that economic team experts are working hard to find a solution to this problem without jeopardizing the economic plan.

[Begin Serra recording] We will not allow an unsettling of the government accounts because the balancing of accounts is important in maintaining stability and strengthening the real. We will defend the real and price stability above everything else. [end recording]

Minister Serra added that things are always paid for in Brazil even without money, and this represents a deficit the Fernando Henrique Cardoso administration will not allow.

As for payments for social programs like day-care centers and orphanages, the government has already taken measures to pay them before the end of the month.

Minister Jose Serra also said that the current budget structure only foresees a 7 percent wage adjustment for public employees. He said the government is still studying the budget item by item to make a decision on budget cuts.

As for lawsuits against the government with regard to a decision on paying the wage adjustment granted by the renewal of the collective labor agreements, Minister Serra said that the Constitution prohibits the government from incurring expenses without counting on the corresponding budget allocation.

The January paycheck of public employees will therefore not include the wage adjustment granted on the labor agreement renewal date. By order of President Fernando Henrique Cardoso, the wage increase will be determined after the government makes necessary budget cuts. The economic team is still analyzing this subject. If a decision is made this month, the wage adjustment will be paid to the public employees in a complementary payroll sheet and with retroactive effect.

President Fernando Henrique Cardoso ordered the suspension of the third stage of the Equal Salary Plan that should be implemented in 1995. The decision was made based on the total absence of resources.

Planalto Palace spokesman Ambassador Sergio Amaral said that the wage adjustment for public employees affected the equal salary plan.

Sao Paulo, Rio Stocks Advance; Market 'Considerably Calmer'

PY1101235495 Sao Paulo AGENCIA ESTADO in Portuguese 1949 GMT 11 Jan 95

[Report by Marcia Pinheiro and Mario Rocha]

[FBIS Translated Excerpt] Sao Paulo, 11 Jan (AE)—The Latin American financial markets were considerably calmer today after the strong fall in share prices yesterday. [passage omitted]

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In Brazil, the reaction was more vigorous, perhaps because of an "official license plate" [originating in government] operation. Brokers noted that retirement funds performed as good buyers, possibly following a government suggestion. "It is not the first time that something like this has happened," a broker said, however, such a link is difficult to prove.

Yet it was not only the official "invisible hand" that made Bovespa [Sao Paulo Stock Exchange] grow by 7 percent, the IBVRJ [Rio de Janeiro Stock Exchange Index] grow by 3.32 percent, and the future Ibovespa [Sao Paulo Stock Exchange Index] close with a growth rate of 5.74 percent. Professionals said that share prices reached attractive levels, and that this in turn attracted domestic players and some foreign investors. Furthermore, Brazilian and Argentine debt certificates also attracted buyers. The IDU [expansion unknown] closed after growing by 0.67 percent, reaching a price of $0.75.

Meanwhile, the market remained far from euphoric. Brokers were cautious, and reiterated that the performance of the stock exchanges today is not a sign that the trend has been reversed. It is necessary to wait for the development of the Mexican crisis, especially as foreign investors will become increasingly demanding in analyzing the economic situation of Latin American countries.

The recuperation of the stock exchanges ended up helping the exchange market today. Yesterday, the general panic pushed up the dollar rate. Today, the situation was relaxed.

This morning there was pressure on the commercial dollar rate because of remittances abroad. The dollar rate reached 0.854 reals [R]. In the afternoon, however, the situation calmed down, and the dollar rate returned to the R0.848/R0.849 level.

The market was also surprised yesterday by a strong inflow of funds coming through financial operations. This situation also changed today. According to preliminary calculations by operation boards, exchange operations today registered a deficit. Export and import figures, however, are reaching a balance. [passage omitted]

Pension Funds Buy Stocks, Shore Up Markets

PY1201004795 Sao Paulo AGENCIA ESTADO in Portuguese 2239 GMT 11 Jan 95

[FBIS Translated Text] Brasilia, 11 Jan (AE)—The decline in the Sao Paulo and Rio de Janeiro stock exchanges has not been heavier only because the pension funds of state-owned companies have been making massive purchases of stocks. Silvio Rodrigues Alves, president of Centrus, the pension fund of Central Bank employees, said: "I have not purchased more only because the sales volume was small." Rodrigues claimed that he had not received any instructions from the government to buy stocks. He said: "We are buying because the stocks are good, because we want them, and because their prices are declining."

Rodrigues Alves said that because they are not speculators—they may keep stocks for years—pension funds run counter to market trends, thus acting as "shock absorbers of trends" whether these are rising or declining. He said: "When the papers reach their purchase point—that is, when they become very cheap—we buy them." The reverse procedure is followed when the prices are rising: The funds would sell those papers classified as temporary that have already yielded the expected earnings to the institution.

Centrus is the fifth largest pension fund in the country—yielding only to Previ of the Bank of Brazil, Petrus of the Brazilian Petroleum Corporation [Petrobras], and Sistel of the Brazilian Telecommunications, Inc. As of late December, Centrus had 752.3 million reals [R]; or 34 percent of its total assets, which are estimated at R2.22 billion, invested in stocks. The papers preferred by pension funds are those issued by state-owned companies like Petrobras and the Rio Doce Valley Company, as well as by leading national companies such as Alpargatas.

Financial 'Chaos' Exists in 'Nearly All' States

PY1101195295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jan 95 p A10

[Article by Jose Casado]

[FBIS Translated Text] A week after the governors were sworn into their posts, the country is discovering a new reality: A financial and administrative chaos prevails in nearly all 26 states.

Nearly all the governors decided to borrow money from the financial system against future tax collections to pay personnel and suppliers. In exchange, they obligated part of their future revenues.

Very few governors arrived at the end of the week knowing exactly how much money they have in the treasury, how many employees they have, how much and how many debts they have to pay, what the real situation of the state companies is, and how to preserve the treasury from the bankruptcy of their state banks.

Together the 27 state banks have accumulated debts from their state governments 12 times greater than their total net assets. For every real of assets, there are 12 reals worth of debt from their main shareholders, the states.

Without having been in power seven days, many governors were already in line in Brasilia to ask for Central Bank intervention in their banks. This is the less costly political solution: The intervention will result in some kind of federalization of a good portion of the state debts.

"The debt here amounts to 7 million reals [R]," said Amazonas Governor Amazonino Mendes in Manaus on

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6 January. He said he has asked the federal government to include the Bank of the State of Amazonas on the list "of 10" banks liable to be intervened in.

In Campo Grande, in extreme western Brazil, Mato Grosso Governor Dante de Oliveira received in his office construction company managers with Mato Grosso letters of credit amounting to R90 million. They had been distributed over the past 60 days by his predecessor, former Governor Jaime Campos. Oliveira told each construction company manager: "I do not deny that I have a debt, but I will pay when I can."

Meanwhile, in southeastern Brazil, Espirito Santo Governor Victor Buaiz also ordered a stop to paying creditors and suppliers. He decided to borrow R150 million to pay debts, including R56 million for the public employees, who have not collected their salaries in the past two months.

In northeastern Brazil, Alagoas Governor Divaldo Suruagy could not contain his surprise: "The rumors about the chaos were smaller than reality."

The situation in Alagoas is nearly incredible. The first inventory indicates that state property in the form of pictures, colonial furniture, telephones, and air conditioners was simply stolen. Former Governor Geraldo Bulhoes is being held responsible for this. He left owing the state public employees two months' worth of salary and a R450 million debt equivalent to five months of tax collections.

It cannot be said that this is a typical situation of poor regions. In Sao Paulo, the richest state of the federation, the Mario Covas administration is struggling with a debt greater than R30 billion and intervention in the state bank (Banespa). It is about to borrow money against anticipated tax collections to pay the overdue public employee salaries, and during an inventory of the Bandeirantes Palace the plundering and demolition of one of its wings was verified.

"It is real chaos," said Rio de Janeiro Governor Marcello Alencar, saying that "a schedule of payments with whatever resources can be obtained in Brasilia" is uncertain. Alencar asked for the intervention into Banerj [Bank of the State of Rio de Janeiro]. His request was met and, as did Mario Covas in Sao Paulo, he announced that the debt with the bank cannot be paid. Sao Paulo owes R7.5 billion to Banespa, according to Covas. Rio de Janeiro owes R500 million to Banerj, according to Alencar. They passed the uncollectable debt to the national Treasury.

Within this ocean of governors on the verge of nervous breakdowns, there are at least two governors who say they are happy. One of them is Paulo Afonso, from Santa Catarina State. He received from former Governor Carlos Konder Reis an enviable inheritance: Of the R300 million worth of debts that will fall overdue in 1995, he has to pay only 10 percent. He will need to spend only 20 percent of the tax collections for one month to pay his 1995 debts.

Another happy governor is Roraima Governor Neudo Campos, but for a different reason. His greatest expense is the 14,000 public employees that crowd his state payroll. Campos is not worried, because the Federal Government must pay this bill until 1998, when his mandate expires, because Roraima is a former national territory that is still maintained by the national Treasury. Campos feels so much at ease that he intends to hire 1,200 new employees before the end of January.

Chile

Aninat Denies Mexican Crisis Will Obstruct NAFTA Talks

PY1101225095 Madrid EFE in Spanish 1654 GMT 11 Jan 95

[FBIS Translated Text] Santiago, 11 Jan (EFE)—Chilean Finance Minister Eduardo Aninat today denied that the Mexican crisis might obstruct Chile's entry into NAFTA.

Aninat recognized, however, that the Mexican crisis could delay the Chilean entry into NAFTA, which is made up of the United States, Mexico, and Canada. In December these countries officially invited Chile to join NAFTA. Aninat said that a delay could even favor Chile, as it would then have more time to prepare itself and to respond under better conditions "to the future challenge" of joining NAFTA.

In comments published by EL MERCURIO today, Aninat said he does not see a direct relationship between the Mexican crisis and NAFTA, and pointed out that Mickey Kantor, U.S. trade representative, had already explained that the process for joining will continue.

Aninat noted that the teams who will negotiate with NAFTA have already been formed, that about 100 people will make up various commissions, and that a series of seminars will be held to complete the study.

In the meantime, Canadian and Latin American experts will start meeting on 12 January in Santiago to discuss the basic issues for trade integration with the United States.

One of the main objectives of the meeting will be to study the costs and benefits for Chile if it joins NAFTA.

The two-day meeting was organized by the Corporation for Latin American Economic Research (Cieplan).

According to the organizers, the differences between NAFTA, Mercosur [Common Market of the South], and the Group of Three (Colombia, Mexico, and Venezuela) will be evaluated.

Investors Urged To 'Remain Calm'

PY1101233295 Buenos Aires TELAM in Spanish 1955 GMT 11 Jan 95

[FBIS Translated Text] Santiago, 11 Jan (TELAM-SNI)—Chilean Finance Minister Eduardo Aninat today

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urged investors to remain calm despite the fall experienced yesterday by the Mexico, Sao Paulo, and Buenos Aires stock markets, which dragged the Santiago Stock Exchange down as well.

In a message addressed to investors, Aninat assured them they should remain optimistic, when in 1994 inflation was reduced to 8.9 percent and the trade balance showed a surplus of over $600 million.

International reserves surpassed $13 billion, and private and public investments increased by over 25 percent.

Aninat said that "this situation makes us independent of the ups and downs that (may occur) in the rest of the world."

"The decline caused by a foreign situation has to be reversed in the future," he asserted, adding that "we must not be influenced by temporary setbacks or external developments with a limited impact; what analysts and advisers must take into account are the essential facts."

Asked whether the Chilean current account has a deficit, Aninat immediately answered that "it is less than 1 percent of GDP."

He stated: "We have never had such a low rate, savings are higher than ever, inflation is under control, and what was a negative trade balance now shows a surplus."

He added that therefore the "impact will not last long," and that although "the impact on friendly countries is regrettable, in Chile it is only temporary."

After dismissing the possibility of getting in contact with U.S. investors, Aninat announced that he will get in contact with Argentine Economy Under Secretary Carlos Sanchez to learn about the situation in the neighboring country.

Local stock brokers believe that the 5.14 percent fall experienced by the Santiago Stock Exchange is due to the psychological pressure U.S. investors are enduring following the Mexican crisis, and the rumors of an alleged adjustment of the Argentine economy.

Today the Santiago Stock Exchange experienced a 1.63 percent increase in the selective shares price index (IPSA) that was unable, however, to reverse the negative tendency that so far this year amounts to 8.68 percent.

One hour before closing operations, and when the general shares price index (IGPA) had increased by 0.86 percent, showing a 4.62 percent fall for the year, a total of 3,006 papers had been negotiated for a total of $38 million.

The shares experiencing the greatest increases where Carampag (28.57 percent); Eduards-A (16.28); Chile-C (7.02); Labchile (6.63) and Chispados-A (5.93).

The declines were headed by Clubunion (7.41 percent); Pimaiquen (5); Soquicom (3.98); Luz y Fuerza-A (3.37), and the Iquique Free Zone (3.35 percent).

Santiago Stock Exchange Closes With Gains, 'Signs of Recovery'

PY1101233895 Madrid EFE in Spanish 2007 GMT 11 Jan 95

[FBIS Translated Text] Santiago, 11 Jan (EFE)—The Santiago Stock Exchange was consolidating, before closing today, the signs of recovery shown at opening with a high of a 0.80 percent advance in the general shares price index (IGPA). Meanwhile, the selective shares price index (IPSA) for the 40 most wanted shares showed an increase of 1.50 percent.

The shares showing the greatest gains were Carampanguen (28.57), Edwards-A (16.28), and Chile-C (7.02).

After a nervous and expectant opening and after 10 days of sustained decline, the gains occurred, and the operators believe the Pension Fund Administration Boards (AFP) were responsible, having entering the market to buy shares.

According to AFP Superintendent Julio Bustamante, from yesterday afternoon through noon today these companies bought shares for about $17 million.

"The AFP is giving a clear sign that what happened yesterday is temporary and illogical, has no economic or financial basis, and is something that should be evaluated from the psychological point of view," Bustamante said to LA SEGUNDA. He added that the private pension fund boards are "absolutely at ease" because their investments are for the long term.

Santiago Stock Broker Eugenio Blanco said that yesterday's fall in the Chilean Stock Exchange (minus 3.79 (IGPA) and minus 5.14) was basically caused by the fact that foreign investors, "especially U.S. investors, put all of Latin America into a single risk package as a result of the Mexican crisis."

Meanwhile, Finance Minister Eduardo Aninat recognized that the local market had been affected by the Mexican crisis, but he reiterated that the Chilean situation is of great solidity, which gives it great independence in the face of "the ups and downs in the rest of the world."

Government's 1995 Tasks, Goals Outlined

PY1101165895 Santiago EL MERCURIO in Spanish 28 Dec 94 p C2

[FBIS Translated Text] Vina del Mar—On 27 December, from 1030 to 1330, the Council of Ministers held a meeting, presided over by President Eduardo Frei, at the Cerro Castillo Presidential Palace in Vina del Mar. The purpose was to assess the government's priorities, objectives, projects, and tasks for 1995.

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The government's 1995 program provides for the execution of a modernization plan that includes economic, productive, social, equity, and political-institutional aspects and concerns.

The Executive Branch's main concern next year will be to promote the country's economic development for the benefit of the people, especially the sectors with fewer resources.

First, the government's efforts will be focused on stepping up actions and improving the social programs that will represent 70 percent of the national budget, which means the government will spend 50 percent more on social programs than in 1989, representing an additional expenditure of $2.5 billion.

Second, the government will step up its actions for the benefit of the people, especially in the education, health, and housing fields, with the purpose of increasing equity within the society and improving the opportunities for all.

Minister Secretary General of Government Jose Joaquin Brunner disclosed the subjects discussed during the cabinet meeting. He explained that the meeting was a continuation of the one held on Thursday, 22 December, at La Moneda Palace, during which the performance of the country and the government was assessed.

During yesterday's meeting the guidelines, as well as the specific tasks and goals to be fulfilled during 1995 in various Chilean fields, were established.

Brunner said that during yesterday's meeting special mention was made of the task of modernizing the education program. The cabinet members assessed the efforts made during the past years in Chile to improve the quality and equity in the primary education field. In this regard a highly representative National Commission gave the president of the Republic a consensus report containing the guidelines of a proposal to modernize the education program.

Brunner announced that in March the government will disclose the specific measures it will implement during 1995 to develop and step up the reform and modernization of Chilean education.

He commented that the government will shorten the deadlines of its plan to fight extreme poverty in the belief that all its actions are designed to step up social integration and improve the people's living standards.

"For this purpose, the government will speed up the implementation of the programs designed with the 71 poorest municipal districts of the country in mind. Support to micro enterprises as well as initiatives to benefit children and youths will be increased.

Within the priority tasks set for 1995, the government will continue to promote the modernization of relations in the labor field "with the purpose of improving equality in the productive sector, improving the workers' training opportunities and their collective bargaining capacity, and reactivating the labor unions."

In this regard, Brunner said that the Labor Ministry will soon announce the main measures and criteria of the labor reform bill the government will submit to Congress.

He added that the Council of Ministers assessed and reaffirmed the need to promote the country's economic development and increase the levels of equity, to maintain and step up political stability, and to improve the performance of the democratic institutions.

Brunner commented: "We do not share the opposition's opinion that the country's modernization involves solely or exclusively the privatization of public assets. We believe that in a coherent, balanced, and comprehensive modernization proposal for the country, the state plays the essential role of guaranteeing social unity, of improving the integration level of the poorest sectors, of promoting retooling of the productive apparatus, and, in general, of maintaining and improving justice in the country."

He added that in order to achieve this last objective, "the government will act closely with the Coalition of Parties for Democracy [CPPD]. We will jointly seek to promote its historic projection in the belief that this alliance is the one capable of assuring and guaranteeing in Chile an effective modernization proposal for economic development and greater equity, especially for the sectors with fewer resources."

He reiterated that soon the government will disclose the municipal reforms with the purpose of improving and strengthening the local administration's decentralized organization.

He also said that the government will submit to Congress the announced constitutional reforms to perfect issues that "must be adjusted to the modernization process the country is undergoing in the economic and social fields."

Brunner emphasized that the government will continue promoting the state's modernization to improve its performance and that of public institutions.

The minister secretary general of government stressed that "our modernization program does not consist of shrinking, diminishing, or surpressing the state's functions."

Brunner commented that a simulataneous effort will be made to develop initiatives in the socio-economic, equity, and political- institutional fields. "We are particularly interested in this last item and for this we are going to submit the municipal reform bill to Congress in the coming weeks."

He disclosed that the initiative provides for the strengthening of all decentralized offices of the local administration, for a change in the way the mayors are elected, and the mechanisms and procedures to improve the municipal administration.

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He also said that the government will continue promoting and discussing the constitutional reform projects announced this year, "which are necessary to perfect the democratic regime."

Brunner said: "We believe a modern country is one that also has a modern democracy, and in Chile we have inherited a group of institutions that need to be perfected, bearing in mind the future and in keeping with the dynamism experienced by the society and economy, so that our institutions may truly represent the national will and be more efficient."

When asked about the government's relationship with the rightist sector and whether any concessions will be made to their demands, namely, in the political field, Brunner clearly stated that "we are not going to make any concessions nor petty decisions in our relationship with the opposition."

Brunner said that the government has already invited and will continue to invite the opposition to join the effort to carry out a comprehensive modernization of the country with strong and decisive components of equity and democratic perfection.

He added: "We believe that the opposition, up to now, has been mistaken in exclusively proposing a discriminatory, individualist, privatizing modernization that also entails deregulating the markets, because that project does not take into account the needs of the Chilean majority sectors."

He said the government will continue trying to persuade the opposition to join the modernization project that will effectively benefit every sector of the country and will grant better opportunities to those sectors with lesser income and a more difficult and delayed participation in the progress the Chilean economy is experiencing.

When asked whether the labor reform was a self-criticism of the government due to its difficult relations with the labor sector, Brunner said that what is sought is to strengthen the line the government has been following since 1994.

He explained that in this field the government has carried out actions and made proposals regarding a series of issues related to the strengthening of the labor unions and the modernization of relations in the labor field.

Brunner said that significant progress has been made in improving the labor supervision mechanisms, a bill designed to expedite procedures in the labor court field has been drafted, and permanent contact has been maintained with the Single Labor Union [CUT] to include it in the projects to improve training of workers so that its opinion may be heard and it can maintain a strong presence in the Productive Development Forum [Foro de Desarrollo Productivo], the main forum of relations between businessmen, government, and workers.

He noted that what is sought is to establish a line of action, that is basic for the government, and strengthen it as of 1995.

The minister then added: "We have just finished assessing the relationships in the labor field. From the government's viewpoint, this was a sort of requirement to be able to seriously tackle a delicate issue, which we seek to do taking into account the interests of all parties involved and the necessary dynamism and flexibility that labor relations should enjoy so that the economy can function efficiently."

When asked about the relationship between the government and the CPPD, Brunner said there is a permanent process in which the main subjects with political repercussions or effects are discussed with the member parties of the governing CPPD.

He said that the government and political parties play different roles and that the consultations are held in order to be able to jointly decide how to best materialize the CPPD's program and the decisions taken by the government.

"What we have insisted on is the fact that, based on this relationship, we want to project the CPPD into the future because we, the members of the cabinet and political parties, strongly believe this political alliance represents the best alternative for the country to be able to grow in peace," commented Brunner.

When asked whether the priorities set by the government are in response to the criticisms it has suffered lately, Brunner said that the government "is sensitive to the viewpoints and criticisms, especially when they are made with loyalty and come from the governing parties."

He said that the political parties have not said the government has a tendency to favor the business sector, "but that they have adopted some declarations made by some important social organizations (CUT) that are very close to the CPPD and government's heart, intentions, and inspiration."

In view of the aforementioned, he explained that "we are not reacting to criticisms; we are viewing, with the spirit of a year- end assessment, the opinions of all sectors that, during these past few days, have expressed their viewpoints regarding the country's performance. In general—and this includes the parties of the opposition—we believe every sector's assessment is positive."

He ended by stating: "We are aware of the need to perfect and correct our actions in those areas where we can improve the public sector's efficiency, and we wish to more clearly and efficiently disclose the net intentions of the program, that is, to work in favor of all sectors of the country, particularly the have-nots."

Carabineros Arrest Lautaro Movement Cell Members

PY1101142395 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 11 Jan 95

[FBIS Translated Text] Carabineros have arrested three active members of the Lautaro Movement and placed

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them at the disposal of the court. It was also reported that these young men have been receiving instructions from prison to commit crimes.

The detainees have been identified as Omar Cifuentes Montesinos, Carlos Gutierrez, and Marcelo Lopez, who have maintained a house in the San Miguel neighborhood as a stronghold. Carabineros intelligence agents went there and seized sawn-off shotguns; revolvers; and a large amount of ammunition, a printing machine, subversive propaganda, and some clothing used by the Lautaro Movement, among other items.

They are accused of committing dozens of criminal actions, such as attacks on payment centers, attacks against Mormon temples, and setting of buses on fire.

The police reported that the three individuals have been receiving instructions from leaders of the extremist group who are being held in custody in the former penitentiary, and been told to commit actions designed to show that they still exist; that is, they have acted as a propaganda brigade.

Carabineros believe, however, that the three detainees comprised the last operational extremist cell in the capital.

Russia Invites Air Force To Participate in Space Programs

PY1101142695 Madrid EFE in Spanish 2243 GMT 10 Jan 95

[FBIS Translated Text] Santiago, 10 Jan (EFE)—On 10 January, a high-ranking official of the Russian space program who is visiting Chile invited the authorities of this country to cooperate in its space research.

General Vladimir Kovalenok, president of the Cosmonautic Association of Russia, stated that despite the economic problems, Moscow will not interrupt its space program, and he stressed that Mars is humanity's next "great objective."

Kovalenok, who is also rector of Russia's Air Force Academy, today gave a talk to high-ranking officers of Chile's military aviation sector, and he took advantage of the occasion to extend an invitation to the local Air Force to join the space research programs.

Kovalenok, with three space flights and 217 days in space to his credit, stated that Russia's current strategy is the placing of large manned stations in orbit, allowing the development of various types of experiments. He indicated that the manufacturing of glass is an example of such experiments.

Colombia

Trade Minister Warns of U.S. Reprisals for Banana Deal

PA1201035095 Hamburg DPA in Spanish 2108 GMT 11 Jan 95

[FBIS Translated Text] Santa Fe Bogota, 11 Jan (DPA)—Foreign Trade Minister Daniel Mazuera said today that possible U.S. reprisals against Colombia following a framework agreement that regulates banana exports to the European Union (EU) would go beyond trade and would affect the peace and social development of more than 240,000 people who make their living in that industry.

After defending last year's agreement between the EU, Colombia, Costa Rica, Nicaragua, and Venezuela, the official said he had no compunction about saying that the imposition of new restrictions would worsen even further the already difficult living conditions in banana growing areas, which have been attacked by communist guerrilla groups and paramilitary squads.

The possibility that Washington might apply unilateral sanctions to some EU countries, Colombia, and Costa Rica became clear when U.S. Trade Representative Mickey Kantor announced an investigation to verify if the agreements affect various U.S. companies.

As far as is known, the investigation, which could take up to one year, does not for the time being involve Nicaragua and Venezuela, which have not yet ratified the agreement. Colombia and Costa Rica ratified it on 1 January.

Banana market problems began in mid-1993 when the EU decided to restrict banana purchases from Latin American countries to only 2 million tons a year in order to increase the participation of old European colonies in Asia and Africa.

Following intense negotiations, the EU increased the amount to 2.1 million tons in an agreement that set quotas for Colombia, Costa Rica, Nicaragua, and Venezuela. At the same time this fractured Latin American unity, because Guatemala, Honduras, Panama, Mexico and the world's principal producer, Ecuador, rejected the bid for a totally free market.

The framework agreement also splintered the EU because Germany and Belgium lead a bloc that says that restrictions on Latin American banana purchases have made the product more expensive.

According to the Colombian Government, the agreement was signed because at the time it was the "least harmful" solution in view of the fact that the EU refused to free the market despite the old General Agreement on Tariffs and Trade (GATT) ruling in favor of the Latin Americans. But compliance with this ruling was not compulsory.

Mazuera has said that the system applied by the four producer countries and the EU does not affect trade with the United States. Thus he feels confident that the investigation by Kantor's office will end without sanctions.

Some analysts have not concealed their concern that U.S.-imposed restrictions in Colombian products, for

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example on bananas, could increase violence in producer regions like Antioquia and Magdalena Departments.

The banana industry in Colombia generates about 40,000 direct jobs and more than 200,000 indirect jobs, many of which will be lost if businessmen shut down their producer farms because of a lack of economic incentives.

Defense, Foreign Ministers React to U.S. Press Report on Drugs

PA1201021595 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jan 95

[From the "24 Hours Newscast"—passages within quotation marks recorded]

[FBIS Translated Text] Defense Minister Fernando Botero said today that charges by the U.S. newspaper NEW YORK TIMES on narcotrafficking in San Andres are true but imprecise. The charges, published yesterday by THE NEW YORK TIMES, which say that the island of San Andres is in the hands of narcotraffickers, are not untrue; they are just old and imprecise, the defense minister said today. He said that not only had the government disclosed this on 15 October, but it has also adopted measures in that respect.

[Botero] "It was the Colombian Government that put its finger on the sore spot. Second, it is the Colombian Government that is doing something important to head off problems."

Meanwhile, according to Arturo Manuell Stephens, the new governor of San Andres, nothing is happening on his island:

[Stephens] "I want to tell everyone in Colombia and the entire world that San Andres is not like they are saying."

Nevertheless, there is cause for concern. Today the defense minister met with U.S. Ambassador Myles Fretchett. A commitment to work together on the island emerged from that meeting.

[Botero] "The government has asked for cooperation from the United States. The request is being evaluated; we hope it will meet with a favorable response."

For his part, in a letter to the editor of THE NEW YORK TIMES, Foreign Minister Rodrigo Pardo said that the newspaper's report contained some imprecise information and requested a correction. Liliana Gutierrez has a report on this:

[Gutierrez] "Mr. Foreign Minister, what are the three issues you want to clear up with THE NEW YORK TIMES?

[Pardo] "First, it is untrue that Colombia is not paying any attention to the narcotrafficking problem in San Andres. The government has adopted measures deemed necessary to control that situation. Second, it is untrue that the narcotrafficking situation, that the existence of narcotrafficking in San Andres has created tension between Colombia and the United States. To the contrary, it was the Colombian Government that denounced and sounded the alarm about the situation in San Andres. Third, it is untrue that nothing has been done. To the contrary, in September President Samper convened a cabinet meeting in San Andres and adopted security measures, precisely to control the situation that existed there."

Attorney General Discussed 'Failed' Surrender Policy

PA1201014795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Jan 95

[From the "National Newscast"]

[FBIS Translated Text] A drunk peasant who kills another is sentenced to 25 years in jail in Colombia. However, a drug trafficker charged with illegal enrichment, homicide, and the illegal possession of weapons, and who in principle should serve a comparable or a heavier sentence, ends up spending only four years in prison because he can negotiate his sentence. The Attorney General's Office believes the surrender policy has failed because of such inconsistencies.

[Begin Attorney General Orlando Vasquez recording] The surrender policy started to unravel under the new political Constitution, which established the mandate to enforce the principle of equality. [end recording]

As if this were not enough, the surrender policy has not produced the expected results:

[Begin Prosecutor Manuel Corredor recording] It has not reduced crime as was intended. It has not gotten criminals to surrender, although it was designed for this specific purpose. [end recording]

The Attorney General's Office will ask the president tomorrow to establish a commission to conduct a comprehensive reform of the state's law enforcement policy.

DAS To Reinforce Security in Rural Areas

95CA0082A Santa Fe de Bogota EL ESPECTADOR in Spanish 26 Dec 94 p 9A

[Report by Julian Rios Rojas]

[FBIS Translated Text] Santa Fe de Bogota—After four months of work, Administrative Department of Security (DAS) Director Ramiro Bejarano is satisfied with the results of the effort to modernize the agency and with the progress that has been made on opening the new intelligence headquarters.

In an interview with this newspaper, Bejarano discussed several public order issues and explained the new changes that will take place in the Rural Security Unit run by his agency.

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Bejarano stated that the DAS-Rural will be revitalized in terms of both technical resources and personnel, communications equipment will be expanded, the operations posts will be provided with adequate means of transportation, and troops will be reinforced, adding some 610 individuals to the force so that the department will have 1,200 agents assigned to monitoring livestock, patrolling the countryside, and supporting the rural community.

According to Bejarano, "the Rural Security Cooperatives were never intended to replace or assume the functions or responsibilities of the rural DAS and police, or of the Unase, since they were conceived as a mechanism for community participation in the defense of the countryside. Consequently, these organizations, as well as the Unase, should continue fulfilling the functions assigned to them, with the additional advantage that they will be strengthened and will enjoy the support of the community through the rural defense associations."

When asked about his assessment of the four months he has been on the job, the head of the security agency stated, "It is more than satisfactory, given what we have been able to accomplish during this time. We have made progress on modernizing the DAS and preparing a project that will standardize intelligence work and make it more effective. We have overcome the difficulties we encountered when we first began, and today we can tell the country that we are in total control of the situation."

Bejarano went on to explain: "We have rigorously and effectively tackled the endemic problems of administrative corruption and human rights violations, without succumbing to fanaticism and witch-hunting. We believe that the atmosphere is different on these fronts today. After all our work, we have countless success stories to tell the country."

In response to a question regarding the results of the struggle against the drug cartels, he stated that the DAS is carrying out intensive intelligence activities, which "of course" must be kept secret. "What I can assure the country is that as a result of these efforts, law enforcement is learning more and more about the modus operandi and the complex structures of all criminal organizations."

According to the DAS director, the news on kidnappings is not good; as of the end of November, 1,184 people had been kidnapped throughout 1994, and so far in December the figures are alarming.

"The regions hardest hit by this scourge are Boyaca, Arauca, Sucre, Valle, Casanare, Antioquia, Meta, and Caldas. The national government continues to favor the Unase as the best institutional response to this serious problem, and therefore the Security Council has decided to strengthen these mobile units, as well as the rural police and DAS. As far as my agency is concerned, I can tell the country that in my administration I have provided the Unase with the number of people and the material that the DAS promised to provide, which could not be provided in the past because of numerous difficulties. For example, when I took office, the DAS was behind schedule in providing 130 detectives to the Unase, and now we are up to date," he stated.

Bejarano also discussed the new immigration controls, and indicated that "the new immigration plan that has been implemented is not intended to expel foreigners or to annoy them. It is a question of streamlining immigration procedures so that both citizens and foreigners can conduct their business smoothly."

"For the execution of this plan," he continued, "we have received very helpful cooperation from the airlines, which have agreed to send us 24 hours in advance the lists of passengers who will be boarding at Eldorado Airport. In this way, when the passenger appears at the terminal, the necessary inspection has already been conducted, and he may depart without having to report to immigration authorities."

And finally, Bejarano added that the DAS is constantly participating in international operations, which are yielding magnificent results. In this connection, it is undeniable that international cooperation is the single most effective tool for combating the universal crimes we face at the end of the millennium, such as drug trafficking and money laundering.

"For basic security reasons, I cannot give you information about the operations in which the DAS has participated, much less about our plans in that regard, but I can tell you that our personnel are being trained to carry out sophisticated intelligence work with other international agencies," he declared.

Personnel Changes Announced in Police Ranks

95CA0083A Santa Fe de Bogota EL TIEMPO in Spanish 23 Dec 94 p 9A

[Report by Miller Rubio]

[FBIS Translated Text] The General Police Directorate yesterday staged a drastic shakeup among the ranks of the institution and ordered major shuffles in the operations subdivision, the department commands, F-2 divisions, training schools, and the Elite Corps.

Among the changes revealed to EL TIEMPO is the removal of Brigadier General Pablo Elvert Rojas, who is responsible for planning operations against common crime, guerrilla warfare, and drug trafficking at the national level.

The changes are reportedly the prelude to a systematic strategy aimed at purging this armed institution.

Regarding the future of Gen. Rojas, it was learned that he will be sent to the Colombian Embassy in Great Britain as a police attache.

The personnel changes in the various garrisons were agreed upon this week at a meeting between Defense

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Minister Fernando Botero Zea and the director of the National Police, Brig. Gen. Rosso Jose Serrano Cadena.

All tolled, 100 ranking officers, including colonels, lieutenant colonels, and majors, were relieved of duty.

In the department commands, there were changes in Antioquia, Caldas, Choco, Boyaca, Cundinamarca, Norte de Santander, San Andres, Narino, Sucre, Arauca, Valle, Magdalena, Meta, Tolima, Amazonas, Casanare, Cordoba, and Cesar. Substitutions were made in the deputy commands, districts, commands, and operational units in those garrisons.

The other changes were ordered in the commands of the Cali and Bogota Metropolitan Police.

The Police Directorate also ordered substitutions in the Special Armed Corps, the Office of the Rural Police Deputy Section Chief, the Antidrug Police, the Rotation Fund, the General Inspectorate, and the Judicial and Investigative Police Directorate (DIJIN).

Serrano told EL TIEMPO that the personnel transfers are part of the strategy the police intend to implement over the next year to wage a more effective battle against various types of crime.

"These changes," said the high-ranking official, "commit our officers to taking more responsibility for obtaining effective results. I have faith in the officers assigned to the different garrisons, because it is they who will be called upon to improve the institution's image."

Among the substitutions, the police also ordered the transfer of Gen. Teodoro Campo Gomez, who was police commander in the Atlantic Region. He will now work in the Office of the Deputy Section Chief for Administration and Finance.

Brig. Gen. Campos's replacement will be Colonel Lino Pinzon Naranjo, who had been on a study assignment in the United States.

Other changes were ordered at the headquarters of the Judicial and Investigative Police Section (SIJIN) in Bogota. Thus, Col. Jose Tatis Pacheco, currently the director, will become a deputy commander in the Cundinamarca police command.

Col. Tatis, who has served in the SIJIN of the Bogota Metropolitan Police for six years, was the architect of major operations such as the one that resulted in the capture of the nine men responsible for the assault on an executive bus in the northern part of the city.

The police also ordered the replacement of the police commanders in Magdalena and Cordoba, Cols. Elkin Silva Pineda and Misael Murcia Hernandez, respectively, who were assigned to the Commissioner's Office.

A third colonel, Cesar Horacio Castillo Suarez, who was serving as division chief in the Office of the Deputy Section Chief of Operations, was also assigned to the Commissioner's Office.

"Our goal," stated Gen. Serrano, "is to strengthen the internal investigation of the police to systematically purge the force with the support of the official appointed by the government to run the internal affairs office."

Schools

To replace Brig. Gen. Oscar Eduardo Pelaez Carmona, who tendered his resignation from the Social Security and Welfare Institute this week, the police assigned Col. Jorge Linares Mendez.

The shakeup was also felt in the Rafael Reyes, Rafael Nunez, Carlos E. Restrepo, and Gonzalo Jimenez de Quesada training schools and the General Santander cadet school.

There were substitutions in only two school directorships, however. Col. Marco Tulio Riano was sent to the Rafael Reyes school, and Col. Jorge Garzon Jimenez was transferred to the Rafael Nunez school.

The police director also stated that in the next few days, more officers will be transferred or retired from that institution.

Ecuador

Classes Suspended in Quito Public Schools To Halt Protests

PA1201023495 Mexico City NOTIMEX in Spanish 2044 GMT 11 Jan 95

[FBIS Translated Text] Quito, 11 Jan (NOTIMEX)—The Ecuadoran Government today suspended classes in public schools in this capital to quell student protests against a law that allows religion to be taught in the schools. So far, the protests have left one person dead and several others injured. The new law, an increase in public transportation fares, and the government's privatization plans have heightened in recent days the atmosphere of social unrest prevailing in a number of Ecuadoran cities.

Education Minister Fausto Segovia Baus today announced that classes at 14 Quito public schools will be suspended for two days.

Meanwhile, student protests continued early this morning in several areas in the capital. One student was run over by a car during a demonstration.

Within the context of this wave of disturbances, Congress on 12 January will receive a delegation from the Committee for the Defense of Secularism [Comite de Defensa del Laicismo], which will request the repeal of the law on religious teaching promoted by the Catholic Church and supported by the government and a congressional majority.

On 10 January, the southern city of Cuenca was the scene of a student strike that resulted in a clash with police. At least one person was injured during the melee.

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On 6 January, student Juan Carlos Luna Carrillo died as a result of a gunshot wound received during during a clash between police and students protesting the government's 30 percent hike in urban transportation fares, which was decreed two weeks ago. According to domestic media, Luna was participating in protests near the Central University of Quito when clashes began with security personnel who were trying to disperse the students. The police denied any responsibility in the shootings and maintain that people who were among the students were the ones who opened fire. Deputy Lino Sanchez, however, on 7 January reported he would promote a trial in Congress against Government Minister Abraham Romero, whom he said was responsible for deploying the police to disperse the protesters.

Meanwhile, in Guayaquil, electrical workers today staged a walkout to protest the likely privatization of the sector. The electrical, telecommunications, oil, and social security sectors are among the state-owned industries the government of Sixto Duran-Ballen is attempting to privatize by supporting a constitutional amendment that already is in Congress.

The Popular Front, which is linked to the leftist Democratic People's Movement, has scheduled a march for 12 January in Guayaquil. The march, which will comprise members of several social organizations, is being called to protest the government's privatization plans. According to organizers of the march, health workers, and public teachers, and social security workers will participate. Meanwhile, a symposium held by those affiliated with the social security plan will take place in Quito tomorrow to review the government's plan to permit private companies to manage pension funds.

Government Accepts Congressional Version of 1995 Budget

PA1201030195 Mexico City NOTIMEX in Spanish 0037 GMT 12 Jan 95

[FBIS Translated Text] Quito, 11 Jan (NOTIMEX)—Official sources reported today that the Ecuadoran Government headed by President Sixto Duran-Ballen has accepted a resolution from Congress on budget allocations—a move that apparently patches up differences between the two government branches.

Finance Minister Modesto Correa today declared that Duran-Ballen has ordered the Official Gazette to publish the congressional resolution on the distribution of $300 million in controversial outlays for fiscal 1995. The move ends a conflict that arose last week when Duran-Ballen announced a fiscal budget unilaterally approved by the executive branch, according to Santiago Bucaram, president of the Congress Budget Commission.

In its version of the budget, Congress decided to earmark more funds for health, welfare, social security, tourism, justice, and legislative programs, as well as expenditures for municipalities. The inclusion of these programs cut deeply into the original amount the government earmarked for national defense and universities.

The fiscal 1995 budget amounts to $3.4 billion, of which 30 percent will go to foreign debt payments.

Although budgetary differences were resolved, a conflict continues between the government and Congress over constitutional reforms. The main thrust of the reforms centers on privatization plans for strategic areas of the economy, which is part of the neoliberal economic program of the conservative government of Duran-Ballen.

The deadline for Congress to decide on Duran-Ballen's draft reforms expires tomorrow, Thursday. Duran-Ballen says he might consider holding a referendum on the issue if Congress fails to clarify its position by the established deadline.

Peru

Lima Stock Exchange Opens With Decline, Then Recovers

PY1101221795 Madrid EFE in Spanish 1902 GMT 11 Jan 95

[FBIS Translated Text] Lima, 11 Jan (EFE)—The Lima Stock Exchange opened today, after "black Tuesday," with a decline, but 90 minutes after opening a recovery could observed, according to stock market experts.

At around noon and two hours before the close of operations the general index was registering a 4.45 percent fall, closing at 1,121.16. The sources added that the volume of business reached at that point was 23,911,248 soles ($10,819,569) after 859 operations.

The selective index gathering together the 15 most important market shares registered a loss of 6.10 percent.

After opening with a marked decline, the steep falls slowed and a significant recovery was registered.

The values of the main companies, registered two hours before closing, showed the following negative percentages: Credit Bank (3.7); Peruvian Telephone Company B (8.5); Backus Brewery (9.7); National Brewery Company (2.9); and Southern Peru (8.8).

Lima Stock Exchange President Jose Luque Otero said that the tendency toward decline in the Lima Stock Exchange "could change at any moment" because orders for the purchase of shares have appeared. He said that there is no direct relationship between the Mexican and Lima stock exchanges that would have made the Mexican crisis "decisively affect" the Lima Stock Exchange.

Luque Otero believes that what happened was "a contagious and scare effect" affecting some "small investors, especially national investors," who decided to sell. He reiterated there was no "sudden withdrawal of capital," and that the large Peruvian and foreign investors did not

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withdraw. He said that the most important investors such as "Credibolsa," "Vescor Peru," and "City Corp" have been buying shares because they are being offered at low prices.

The Lima Stock Exchange, which is considered one of the most profitable in Latin America, suffered yesterday, like the majority of the stock exchanges in the region, a deep fall of 8.42 percent, the most pronounced in over six years.

Stock exchange experts blamed the fall on external causes and as a result of the fall in other Latin American markets caused by the Mexican crisis.

Uruguay

Stock Exchange Market Resists Mexican Crisis

PY1201005195 Buenos Aires TELAM in Spanish 1913 GMT 11 Jan 95

[FBIS Translated Text] Montevideo, 11 Jan (TELAM-SEM)—Stockbrokers reported today that the Montevideo Stock Exchange has resisted the onslaught of the Mexican crisis that has negatively effected stock exchange activities in Latin America, and has accumulated 15.64 percent in profits during the first 10 days of January. A stockbroker said: "We have an enhanced inflow of foreign capital. This capital is mostly invested in the purchase of rising government securities within a very fluid market."

The news agency AFP indicated that private stockbrokers estimated that about $500 million has entered the local financial market during the past week.

Uruguayan Banking Association President Alberto Bension noted: "The slump in stock and government securities in the Latin American markets was not experienced in our market." Bension added that, "quite the contrary, private stock prices and the Treasury Bonds issued by the state are in great demand, and have had a sustained growth" of 15.64 percent over the past 10 days.

Stock Exchange President Alfonso Varela Fernandez admitted: "This crisis is favoring us indirectly because we are receiving capital that had been invested in other markets in our region, and which has sought shelter in Uruguay."

Venezuela

Foreign Minister Cited on Implementation of G-3 Agreement

PA1101204495 Caracas EL GLOBO in Spanish 11 Jan 95 p 11

[Report by Alma Ariza]

[FBIS Translated Text] Caracas—Faced with the dramatic devaluation of the Mexican peso vis-a-vis the dollar and the 6.65-percent drop in the stock market, Venezuelan Foreign Minister Miguel Angel Burelli Rivas said he believes "this situation will temporarily affect the implementation of the Group of Three (G-3) Commercial Integration Agreement."

The foreign minister said: "The crisis that has developed in Mexico will prompt an onslaught of Mexican products in the Colombian and Venezuelan markets. This situation will only last, however, until the situation returns to normal."

Mexico will receive approximately $20 billion in emergency funds from its NAFTA partners and the international financial community. Thus, Burelli believes the negative effects on the Mexican reserves will not have a greater impact on the G-3 agreement.

Referring to the Mexican crisis and the current Venezuelan economic situation, the Venezuelan foreign minister said: "We can also integrate to confront difficulties."

Burelli announced the Bolivarian countries will increase their efforts to establish a free trade area between Mercosur [Common Market of the South] and the Andean Pact countries in upcoming days.

He said: "Because Brazil has invited Venezuela and Colombia to establish a type of corridor between the two projects and because the date to set positions was extended from 1 January to 30 June 1995, the Venezuelan Government is considering this possibility and will use the following months to show there is an interest in getting the Andean Pact to establish relations with Mercosur."

According to the information obtained, the first step to link the two integration processes could be made with the satellite service held by the Bolivarian countries. This service would allow for increased surveillance of the Amazon territory.

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